

4055

Professional Unit 2005-2008

Collective Bargaining Agreement

between The Boeing Company and

Society of Professional Engineering Employees in Aerospace

International Federation of Technical and Professional Engineers, Local 2001

Boeing/SPPEEA Professional Unit Contract 2005-2008

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COLLECTIVE BARGAINING AGREEMENT
Between
THE BOEING COMPANY
And
SOCIETY of PROFESSIONAL ENGINEERING
EMPLOYEES in AEROSPACE
(Professional Bargaining Unit)

Effective Date: December 2, 2005

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COLLECTIVE BARGAINING AGREEMENT

Between

THE BOEING COMPANY

And

SOCIETY of PROFESSIONAL ENGINEERING EMPLOYEES in AEROSPACE

THIS AGREEMENT is executed this 21st day of March, 2006, effective December 2, 2005, by and between The Boeing Company, a Delaware corporation having its principal place of business in Seattle, Washington (the "Company"), and Society of Professional Engineering Employees in Aerospace ("SPEEA" or the "Union"). The Union is the bargaining agent for the collective bargaining units described in Article 1 and the parties intend that this Agreement apply separately and respectively to each unit as if a separate Agreement had been executed as to each.

This agreement is a reflection of the parties' commitment to these shared values:

- To maintain a respectful, cooperative relationship.
- To work together to further the mutual success of both parties: positioning Boeing for continued competitive success in the marketplace while enabling SPEEA to best represent and serve its members.
- To resolve issues, to the greatest extent possible, through a collaborative process, marked by open communication and respect for each other's interests.

ARTICLE 1

RECOGNITION

Section 1.1 Recognition. For the purposes of collective bargaining with respect to rates of pay and other conditions of employment, the Company recognizes the Union as the exclusive bargaining agent for the following collective bargaining units:

1.1(a) All persons working in the Company's plants in the State of Washington, including persons who are on travel status from such plants, who are classified by the Company in one of the classifications listed in Article 11 and including those persons assigned (other than on travel status) at Edwards AFB, California or Palmdale, California who are classified by the Company in one of the classifications listed in Article 11.

1.1(b) All employees of the Company working in the Company's plants located in Weber and Davis Counties, Utah, who are classified by the Company in one of the classifications listed in Article 11; excluding all other employees, guards and supervisors as defined in the National Labor Relations Act.

1.1(c) All employees of the Company working in the Company's plants at the Boeing Atlantic Test Center, Florida, who are classified by the Company in one of the classifications listed in Article 11; consistent with the Certification of Representative issued August 7, 1973, by the National Labor Relations Board in Case No. 12-RC-4117.

1.1(d) All employees of the Company working (other than on travel status) at the Company's Sandy Boulevard plant in Portland, Oregon who are classified by the Company in one of the classifications listed in Article 11; excluding all other employees, guards and supervisors as defined in the National Labor Relations Act.

1.1(e) All professional engineering employees in the Company's Facilities and Safety, Health and Environmental Affairs (SHEA) organizations in the greater Puget Sound region of Washington and in Portland, Oregon; excluding all other professional employees employed in Facilities and SHEA, all guards and supervisors as defined by the National Labor Relations Act, and all other employees.

**ARTICLE 2
RIGHTS OF MANAGEMENT**

Section 2.1 Rights of Management.

2.1(a) The terms and conditions of this Agreement are minimum and the Company shall be free to grant more favorable terms and conditions and to pay salary rates higher than the salary ranges shown in Article 11 to any employee.

2.1(b) The management of the Company and the direction of the workforce are vested exclusively in the Company subject to the terms of this Agreement. Without limitation, implied or otherwise, all matters not specifically and expressly covered or treated by the language of this Agreement may be administered for its duration by the Company in accordance with such policy or procedure as the Company from time to time may determine.

**ARTICLE 3
GRIEVANCE PROCEDURE AND ARBITRATION**

Section 3.1 Grievance and Arbitration Procedure. Grievances arising between the Company and its employees subject to this Agreement, or between the Company and the Union, with respect to the interpretation or application of any of the terms of this Agreement shall be settled according to the following procedure. Subject to the terms of this Article relating to cases of dismissal or suspension for just cause, or of involuntary resignation, only matters dealing with the interpretation or application of terms of this Agreement shall be subject to this grievance machinery.

Section 3.2 Employee Grievances.

3.2(a) Grievances on behalf of employees shall be handled as follows:

STEP 1. Oral Submission of Grievance to Supervisor. The employee and, at his or her option, a Union Representative shall contact the employee's supervisor and shall attempt to effect a settlement of the grievance. Such oral presentation shall be made within ten (10) workdays following the occurrence of the event giving rise to the grievance. The supervisor shall, within five (5) workdays thereafter, provide to the employee the answer to the grievance.

STEP 2. Oral Submission of Grievance to Major Organization Management. If the decision of the supervisor does not settle the grievance, the Union Representative shall within five (5) workdays subsequent to the receipt of the supervisor's answer contact the Human Resources Director, or designee, of the Major Organization in which the employee is assigned for the purpose of arranging a meeting to discuss the grievance. The meeting will be held within five (5) workdays following such request and shall be attended by the Union Representative and the employee and appropriate Company Representatives. The Company's answer to the grievance shall be made within ten (10) workdays following such meeting.

STEP 3. Written Submission of Grievance to Company Representative. If no settlement is reached, the Union Representative may immediately thereafter reduce a statement of the grievance to writing, which shall contain the following:

- (a) The detailed facts upon which the grievance is based.
- (b) References to the section(s) of the Agreement alleged to have been violated. (This will not be applicable in cases of dismissal or suspension for just cause, or of involuntary resignation.)
- (c) The remedy sought.

The Union Representative shall submit such written grievance to the designated Company Representative within five (5) workdays following receipt of the answer provided in Step 2 above. After such submission the designated Company Representative and the Union Representative may, within the next ten (10) workdays, meet and settle the grievance, and over their signatures indicate the disposition thereof. Otherwise, promptly after the expiration of such ten (10) day period they shall sign the grievance indicating that the grievance has been discussed and reconsidered by them and that no settlement has been reached, and the designated Company Representative will promptly thereafter confirm in writing to the Union Representative the denial of the grievance.

STEP 4. Arbitration. If no settlement is reached in Step 3 within the specified or agreed time limits, then either party may in writing, within ten (10) workdays thereafter, request that the matter be submitted to an arbiter for a prompt hearing as provided in 3.4 through 3.6.

3.2(b) Employees shall not be discharged or suspended without just cause. An employee shall have the right to appeal a layoff, discharge, suspension, or involuntary resignation by filing a written grievance through the Union, beginning at Step 3, with the designated Company Representative within ten (10) workdays after the date of such layoff, discharge, suspension, or involuntary resignation.

3.2(c) When the Union requests arbitration on behalf of bargaining unit employees who have been laid off, discharged, or suspended, or who have involuntarily resigned, the Company and the Union will exercise reasonable efforts to have the arbitration hearing within ninety (90) days of the request for arbitration.

Section 3.3 Union Versus Company and Company Versus Union Grievances. Grievances which the Union may have against the Company or the Company may have against the Union, limited as aforesaid to matters dealing with the interpretation or application of terms of this Agreement, shall be handled as follows:

3.3(a) Such grievances shall be submitted to the designated Company Representative or President of the Union, as the case may be, or to their designated representatives, within ten (10) workdays following the occurrence of the event giving rise to the grievance and shall contain the following:

- (1) Statement of the grievance setting forth in detail the facts upon which the grievance is based.
- (2) The section(s) of the Agreement alleged to have been violated.
- (3) The remedy sought.

3.3(b) The grievance shall be signed by the President of the Union or the designated Company Representative, as the case may be, or their designated representatives. If no settlement is reached within ten (10) workdays from the submission of the grievance to the designated Company Representative or the designated representative of the Union, as the case may be, both shall sign the grievance and indicate it has been discussed and considered by them and that no settlement has been reached and the party responding to the grievance will promptly confirm in writing to the other party the denial of the grievance. Within ten (10) workdays thereafter either party may in writing request that the matter be submitted to an arbiter for a prompt hearing as provided in 3.4 through 3.6.

3.3(c) No matter shall be considered as a grievance under this 3.3 unless it is presented to the designated persons within ten (10) workdays after occurrence of the last event on which the grievance is based.

Section 3.4 Selection of Arbiter – from Arbitration Panel. Contemporaneously with execution of this Agreement, the parties will agree upon a panel of seven arbiters. The panel may thereafter be augmented upon the mutual agreement of the parties. Selection of an arbiter to hear a particular case shall be made from the panel on a strike-through basis. The parties in turn shall have the right to strike a name from the

panel until only one name remains. The right to strike the first name from the panel shall be alternated between the parties on a case-by-case basis.

Section 3.5 Selection of Arbitrator – by Agreement. Nothing in 3.4 shall preclude the parties from mutually agreeing on an arbitrator to hear and decide a particular case.

Section 3.6 Arbitration – Rules of Procedure. Arbitration proceedings shall be in accordance with the following:

3.6(a) The arbitrator shall hear and accept pertinent evidence submitted by both parties and shall be empowered to request such data as the arbitrator deems pertinent to the grievance and shall render a decision in writing to both parties within sixty (60) days (unless mutually extended) of the completion of the hearing.

3.6(b) The arbitrator shall be authorized to rule and issue a decision in writing on the issue presented for arbitration, which decision shall be final and binding on both parties.

3.6(c) The arbitrator shall rule only on the basis of information presented in the hearing and shall refuse to receive any information after the hearing except when there is mutual agreement, in the presence of both parties.

3.6(d) Each party to the proceedings may call such witnesses as may be necessary in the order in which their testimony is to be heard. Such testimony shall be limited to the matters set forth in the written statement of the grievance. The arguments of the parties may be supported by oral comment and rebuttal. Either or both parties may submit written briefs within a time period mutually agreed upon. Such arguments of the parties, whether oral or written, shall be confined to and directed at the matters set forth in the grievance.

3.6(e) Each party shall pay any compensation and expenses relating to its own witnesses or representatives.

3.6(f) The Company and the Union shall, by mutual consent, fix the amount of compensation to be paid for the services of the arbitrator. The Union or the Company, whichever is ruled against by the arbitrator, shall pay the compensation of the arbitrator including necessary expenses.

3.6(g) The total cost of the stenographic record, if requested, will be paid by the party requesting it. If the other party also requests a copy, that party will pay one-half of the stenographic costs.

Section 3.7 Binding Effect of Award. All decisions arrived at under the provisions of this Article by the representatives of the Company and the Union, or by the arbitrator, shall be final and binding upon both parties, provided that in arriving at such decisions neither of the parties nor the arbitrator shall have the authority to alter this Agreement in whole or in part.

Section 3.8 Time Limitation as to Back Pay. Grievance claims regarding retroactive compensation shall be limited to thirty (30) calendar days prior to the written submission of the grievance to Company Representatives, provided, however, that this thirty (30) day limitation may be waived by mutual consent of the parties.

Section 3.9 Extension of Time Limits by Agreement. The time limits set forth in this Article are recognized by the parties as being necessary for prompt resolution of grievances. Reasonable extensions of these time limits may be arranged by mutual written agreement. If a decision is not rendered by the Company within the time limits established for Steps 1 and 2, Section 3.2, the Union may thereupon advance the grievance to the next step. Grievances not presented, or presented and not pursued, within the specified or mutually extended time limits will be considered waived.

Section 3.10 Conferences During Working Hours. All conferences resulting from the application of provisions of this Article shall be held during working hours.

Section 3.11 Signing Grievance Does Not Concede Arbitrable Issue. The signing of any grievance by any employee or representative of either the Company or the Union shall not be construed by either party as a concession or agreement that the grievance constitutes an arbitrable issue or is properly subject to the grievance machinery under the terms of this Article.

Section 3.12 Jurisdictional Disputes. Any disputes where the Union contends either (1) that work performed by represented employees not within one of the units described in Article 1 should be performed by employees within one of said units, or (2) that represented employees not within one of the units described in Article 1 should be included within one of said units, shall not be subject to the grievance and arbitration provisions of Article 3. This Section 3.12 shall not apply to such disputes where the Union obtains the written consent of all other interested bargaining representatives to participate in and be bound by the decision of an arbitrator or panel of arbitrators.

ARTICLE 4 PERFORMANCE MANAGEMENT

Section 4.1 Performance Management Process. The Union and the Company agree that many factors contribute to employee performance. The Performance Management Process provides a method for employees and management to determine individual performance goals, assess performance against those goals and establish developmental plans to address performance needs or gain additional knowledge, skills and abilities as necessary.

4.1(a) Each employee, including new hires, and his or her supervisor will participate in periodic Performance Management discussions, which may be initiated by either party. Discussions should promote a mutual understanding of all factors that contribute to or are affected by performance, such as:

- job assignment, responsibilities and expectations;
- the effect of performance on salary reviews;
- the effect of performance, knowledge, skills, abilities and other characteristics on retention ratings;
- education and/or significant experience gained by the employee and related to his or her career progress within the Company;
- other assignments, skills, or classifications that the employee may be qualified to perform.

For newly hired employees, Performance Management discussions should be initiated as soon as possible and occur as frequently as necessary to ensure early alignment with organizational goals and objectives and performance expectations, encourage job progress and growth, and ensure a smooth transition into the workforce.

4.1(b) The Performance Management Process consists of four activities: setting goals, coaching and feedback, assessing performance and employee development.

4.1(b)(1) "Goal setting" consists of documenting job responsibilities and establishing individual performance goals and objectives, based on previously communicated organizational business goals and objectives.

1 4.1(b)(2) "Coaching and feedback" consists of ongoing events that provide valid, constructive,
2 performance-based feedback related to goal attainment. Frequent and focused coaching
3 interactions between employees and supervisors, encourage further development of those employees
4 who meet or exceed expectations, and help those who are falling short identify and overcome
5 impediments to their success.
6

7 4.1(b)(3) "Performance assessment" consists of an ongoing communication and
8 assessment of previously defined job responsibilities and performance goals and objectives.
9 Assessment results from each review shall be recorded in the Company Performance
10 Evaluation record system. Employees are responsible for continuously updating their
11 plan as accomplishments and goals are met between scheduled reviews with their
12 supervisor.
13

14 4.1(b)(4) "Employee development" is a discussion and coaching process to help employees
15 and supervisors develop/enhance the employee knowledge, skills and abilities so that
16 current and future business objectives are met. Employee development provides employees
17 and supervisors a unique opportunity to identify and discuss strengths that have been
18 demonstrated on the job, as well as skills that can be enhanced to achieve current and future
19 business performance. Additionally, it provides a feedback mechanism to support the
20 development of skills and abilities so that each employee has the opportunity to develop
21 personally and professionally, and ultimately improve the performance of the
22 Company.
23

24 4.1(c) Each employee will have at least one (1) interim review for coaching and feedback and one (1)
25 performance assessment review during each twelve-month period. Employee and supervisor are
26 encouraged to conduct additional interim reviews as often as appropriate.
27

28 4.1(d) In the final assessment review meeting, overall performance is assessed, summarized, and
29 documented. This meeting will include a discussion regarding the assessment's relationship to the
30 salary review and retention index review processes.
31

32 4.1(e) Performance Management sessions (goal setting and assessment reviews) shall be scheduled to
33 maximize their utility in salary and retention rating decisions.
34

35 **Section 4.2 Performance Management Form.** Forms used in the Performance Management Process
36 shall be the same for all SPEEA-represented employees and consistent with the established processes used
37 by the Company.
38

39 **Section 4.3 Process Revision.** The Performance Management process and utilization will be reviewed
40 jointly in each year of this Agreement through the Joint Workforce Committee in accordance with
41 Attachment 10. Changes to the Performance Management Process are subject to the approval of
42 both parties.
43

44 **ARTICLE 5**

45 **VACATION PLAN**

46

47
48 **Section 5.1 General.** Reasonable time away from the job is conducive to good health and well being and
49 is considered in the best interest of the employee and the Company. Each employee should have the
50 opportunity to schedule and take vacation each year and thereby use their vacation credits, allowing
51 adequate staffing for Company operations.
52

53 **Section 5.2 Accumulation of Vacation.**
54

55 5.2(a) Vacation credits are accrued daily and awarded weekly, with credits increasing on the basis of
56 established increments as follows:

| Company Service | Annual Vacation |
|-----------------|-----------------|
|-----------------|-----------------|

| | |
|------------------|-----------|
| 1 thru 4 years | 80 hours |
| 5 thru 9 years | 96 hours |
| 10 and 11 years | 120 hours |
| 12 and 13 years | 128 hours |
| 14 and 15 years | 136 hours |
| 16 and 17 years | 144 hours |
| 18 years or more | 160 hours |

Company service date will be used to determine the credits to be awarded. Vacation credits may accumulate to a maximum of two (2) years of credit (as determined from above schedule). No additional vacation credits will be accrued until the number of credits in the account drops below the two (2) year maximum. Deviations to the two (2) year maximum accrual must be approved by the business unit Compensation organization.

Vacation credits will not be accrued in excess of ninety (90) calendar days on a leave of absence.

5.2(b) Part-time employees are awarded vacation credits in accordance with the above schedule on a pro-rata basis. Vacation credits will be prorated based on hours paid (excluding overtime and short-term disability leave payments).

5.2(c) Vacation accounts will be maintained to the nearest tenth of an hour unit.

Section 5.3 Use of Vacation Credits.

5.3(a) Subject to management approval based on Company work schedule requirements, previously awarded vacation credits may be used by the employee without limit. Management will encourage employee use of vacation for time off within the period credits are available. Use of vacation at times convenient to the employee will be arranged to the extent permitted by Company work schedule requirements.

5.3(b) Vacations are to be taken as time off and there will be no pay in lieu of time off.

5.3(c) Subject to 5.3(d), vacation credits must be used in units equal to the scheduled hours in the employee's normal workday.

5.3(d) Part-time employees normally will use vacation credits in amounts comparable to their part-time work schedules. However, subject to the scheduling requirements of his or her organization, a part-time employee may request and receive vacation in eight (8) hour increments.

5.3(e) Holidays occurring while an employee is on vacation are not deducted from vacation credits.

5.3(f) Payment for vacations will be made at the employee's base rate in effect at the time vacation is taken plus, if applicable, any supplement to the base rate approved by the Company for inclusion in vacation pay.

5.3(g) An employee on leave of absence is eligible to use vacation credits.

Section 5.4 Vacation Payment on Termination. An employee who terminates for any reason will be paid for all unused credits in his or her vacation account and all accrued vacation through the last day worked.

Section 5.5 Vacation Credits When Payroll Is Changed. In all cases involving the transfer of an employee from one payroll to another, the provisions of the Company's procedures pertaining to vacations, as may be revised from time-to-time by the Company, shall be applicable.

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ARTICLE 6

SICK LEAVE, RESERVE ACCOUNT AND FINANCIAL SECURITY PLAN

Section 6.1 Establishment of Initial Eligibility for Sick Leave (December 2, 2005 through December 22, 2005).

6.1(a) Employees classified on a salaried payroll become eligible for sick leave upon completion of one (1) month continuous active service with the Company.

6.1(b) When the continuity of employment is broken other than by layoff or termination to enter military service, an employee must begin with the date of reemployment to accumulate one (1) month continuous active service with the Company before being eligible for sick leave.

Section 6.2 Accumulation of Sick Leave (December 2, 2005 through December 22, 2005).

6.2(a) On the first workday following completion of one (1) month of continuous active service, a full-time employee will be credited with eight (8) hours sick leave. Thereafter, he or she will accumulate eight (8) hours sick leave for each month of active service to a maximum of eighty (80) hours during the first and each succeeding year of service. For part-time employees, sick leave credits will be accumulated in the proportion that the hours worked bear to full-time hours, rounded to the nearest one-tenth hour unit.

6.2(b) In all cases involving the transfer of an employee from one payroll to another, the provisions of the Company's procedures pertaining to sick leave, as may be revised from time to time by the Company, shall be applicable.

6.2(c) No sick leave credit will be accumulated during periods on layoff or for absence in excess of the first ninety (90) calendar days on a leave of absence. Such absence from the active payroll will reduce the monthly sick leave award, if applicable, in the proportion of 1/30th of eight (8) hours for each calendar day of absence during the month, or a comparable proportionate reduction if a part-time employee, rounded to the nearest tenth of an hour.

6.2(d) Eligibility dates and accumulated sick leave credits established prior to this Agreement will not be changed as a result of this Agreement.

Section 6.3 Use of Sick Leave (December 2, 2005 through December 22, 2005).

6.3(a) Sick leave credits are to be used only in the event of absence due to the following causes: (a) illness of employee, including physical incapacity of a female employee due to her pregnancy, (b) illness or death in the family (requiring the employee's presence), and (c) medical or dental appointment which can be scheduled only during the working hours.

6.3(b) Sick leave payments will be at the employee's base rate in effect at the time of his or her absence plus, if applicable, any supplement to the base rate approved by the Company for inclusion in sick leave pay.

6.3(c) Sick leave hours will be used from sick leave hours most recently credited.

6.3(d) Sick leave credits may be used by an employee on approved leave of absence if the requirements of 6.3(a) are met.

Section 6.4 Reserve Account (December 2, 2005 through December 22, 2005).

6.4(a) Sick leave hours credited to the employee's Reserve Account and Financial Security Plan Trust Account on the effective date of this Agreement will not be changed as a result of this Agreement.

6.4(b) The maximum allowable amount in a full-time employee's combined Reserve Account and Financial Security Plan Trust Account will be 1,800 hours. An employee who is rehired or reinstated after having been paid for his or her Reserve Account or Financial Security Plan Trust Account will be eligible for transfer of credits to his or her Reserve Account as if he or she were a new employee.

6.4(c) On each eligibility date of a full-time employee on the active payroll, up to forty hours of sick leave awarded during his or her preceding eligibility year, less any sick leave hours used in excess of forty hours during that eligibility year, will be transferred to his or her Reserve Account, subject to the "maximum allowable amount."

For a part-time employee on the active payroll, the amount of previously awarded and unused sick leave credits transferred to the Reserve Account on each eligibility date will be in the proportion the employee's actual total hours of work bear to full-time hours during the qualifying period.

6.4(d) An employee off the active payroll due to leave of absence, layoff, or military service will, upon return from leave or upon reinstatement from layoff or military service with reemployment rights, have transferred to his or her Reserve Account such sick leave credits as would normally have been transferred had the employee returned to the active payroll on his or her first sick leave eligibility date following the employee's last day on the active payroll, unless such employee has received payment under Section 6.6.

6.4(e) At the time an employee who has hours credited to his or her Reserve Account is terminated for any reason, payment shall be made for those hours credited to his or her Reserve Account at the employee's then current base rate.

6.4(f) Credits in an employee's Reserve Account will be converted in accordance with the Financial Security Plan and placed in an individual Financial Security Plan Trust Account as provided for in the Financial Security Plan.

Section 6.5 Financial Security Plan (December 2, 2005 through December 22, 2005).

6.5(a) **Continuation of Plan.** Subject to the continuing approval of the Commissioner of Internal Revenue and of other cognizant governmental authorities, as more particularly hereinafter specified, and to the provisions of 6.5(d), a Financial Security Plan (the "Plan") in the form as now in effect as to the employees within the units to which this Agreement relates shall continue to be effective while this Agreement is in effect as to such employees in accordance with and subject to the terms, conditions and limitations of the Plan.

6.5(b) **Approval of Plan.** Approval of the Plan by the Commissioner of Internal Revenue as referred to in 6.5(a) means a continuing approval sufficient to establish that the Plan and related trust(s) are at all times qualified and exempt from income tax under Section 401(a) and other applicable provisions of the Internal Revenue Code of 1986, and that contributions made by the Company under the Plan are deductible for income tax purposes in accordance with law. The cognizant governmental authorities referred to in 6.5(a) include, without limitation, the Department of Labor and the Securities and Exchange Commission, and their approval means their confirmation with respect to any matter within their regulatory authority that the Plan does not conflict with applicable law.

6.5(c) **Continuation Beyond Agreement.** The Company shall not be precluded from continuing the Plan in effect as to employees within these units to which this Agreement relates, after expiration or termination of this Agreement, subject to the terms, conditions, and limitations of the Plan.

6.5(d) **Changes to the Current Plan.** Subject to action by the Company's Board of Directors and to the approvals specified in 6.5(b), all provisions of the plan are to remain unchanged with the exception of the following amendments:

6.5(d)(1) **Maximum Allowable Hours.** The maximum allowable amount in a full-time employee's combined reserve account and Financial Security Plan Trust Account will be increased 40 hours to 1,800 hours.

6.5(d)(2) **Effective Date of Amendment.** The amendment set forth in 6.5(d)(1) above shall take effect December 2, 2005.

Section 6.6 Unreserved Sick Leave Credits (December 2, 2005 through December 22, 2005). Upon retirement under the Company's retirement plan or upon layoff or death while retirement eligible, employees will receive payment for 50 percent of their unreserved sick leave credits remaining on the date of retirement, layoff, or death. Such credits will be paid at the employee's then-current base rate, subject to a maximum rate that is established from time-to-time by the Company for all salaried employees.

Section 6.7 Current Sick Leave Account, Unused Sick Leave Account, and Financial Security Plan Effective December 23, 2005

Effective December 23, 2005, the provisions of PRO-1004 (February 22, 2005) will apply to employees covered by this Agreement. The Union will be notified of any changes to PRO-1004.

No new contributions will be made to the Financial Security Plan with respect to Members' eligibility dates (and anniversaries thereof) occurring after December 22, 2005. An employee who has an accrued benefit under the Financial Security Plan shall retain such accrued benefit under the Plan subject to the current provisions of the Plan. Unreserved sick leave credits that have not been transferred to a Reserve Account as of December 22, 2005, will be credited to an employee's Unused Sick Leave Account under PRO-1004, and will be accumulated, used, and paid or forfeited upon termination of employment in accordance with PRO-1004.

**ARTICLE 7
HOLIDAYS**

Section 7.1 Dates on Which Observed. The following holidays will be observed by the Company during the term of this Agreement:

2005

| Holidays | Date of Observance |
|--|--------------------|
| Winter Break Friday | December 23, 2005 |
| Winter Break Monday | December 26, 2005 |
| Winter Break Tuesday | December 27, 2005 |
| Winter Break Wednesday | December 28, 2005 |
| Winter Break Thursday | December 29, 2005 |
| Winter Break Friday | December 30, 2005 |

2006

| Holidays | Date of Observance |
|---|--------------------|
| New Year's Day Monday | January 2, 2006 |
| Memorial Day Monday | May 29, 2006 |
| Independence Day Tuesday | July 4, 2006 |
| Labor Day Monday | September 4, 2006 |
| Thanksgiving Day Thursday | November 23, 2006 |
| Day following Thanksgiving Friday | November 24, 2006 |
| Winter Break Friday | December 22, 2006 |
| Winter Break Monday | December 25, 2006 |
| Winter Break Tuesday | December 26, 2006 |
| Winter Break Wednesday | December 27, 2006 |
| Winter Break Thursday | December 28, 2006 |
| Winter Break Friday | December 29, 2006 |

2007

| Holidays | | Date of Observance |
|----------------------------|-----------|--------------------|
| New Year's Day | Monday | January 1, 2007 |
| Memorial Day | Monday | May 28, 2007 |
| Independence Day | Wednesday | July 4, 2007 |
| Labor Day | Monday | September 3, 2007 |
| Thanksgiving Day | Thursday | November 22, 2007 |
| Day following Thanksgiving | Friday | November 23, 2007 |
| Winter Break | Monday | December 24, 2007 |
| Winter Break | Tuesday | December 25, 2007 |
| Winter Break | Wednesday | December 26, 2007 |
| Winter Break | Thursday | December 27, 2007 |
| Winter Break | Friday | December 28, 2007 |
| Winter Break | Monday | December 31, 2007 |

2008

| Holidays | | Date of Observance |
|----------------------------|----------|--------------------|
| New Year's Day | Tuesday | January 1, 2008 |
| Memorial Day | Monday | May 26, 2008 |
| Independence Day | Friday | July 4, 2008 |
| Labor Day | Monday | September 1, 2008 |
| Thanksgiving Day | Thursday | November 27, 2008 |
| Day following Thanksgiving | Friday | November 28, 2008 |

For the period following Friday, November 28, 2008, through the remaining effective period of this Agreement, the holidays to be observed under the terms of this Article shall be those holidays scheduled and observed by the Company.

Section 7.2 Holiday Practices. Practices relating to the observance of the holidays referred to above will be administered in accordance with the established procedures of the Company.

Section 7.3 Employees Prevented from Working Because of Local Holidays. Employees assigned to a non-Company facility who are prevented from working their assigned work period because a holiday not listed in this Article is recognized at the facility shall be paid for such assigned shift unless the Company, at its option, modifies the work schedule for the week in which the holiday falls so that the employees are able to work a full work week. In all cases hours worked on scheduled days of rest will be treated as scheduled overtime under 11.3(b).

ARTICLE 8 WORKFORCE ADMINISTRATION

Section 8.1 Employees to Whom This Article is Applicable.

8.1(a) This Article, subject to 8.8(c), applies and refers separately to employees within each of the four bargaining units described in Article 1, except that (1) the provisions of Article 8 shall be applied separately to Edwards AFB, California and Palmdale, California combined, and (2) an employee at Edwards AFB or Palmdale who has transferred to either California assignment from a SPEEA-represented position in Washington will be treated for purposes of eligibility for retention at Washington as though surplus from the Major Organization with which the employee was identified immediately prior to transfer to Edwards AFB or Palmdale and in accord with the retention provisions of this Agreement.

8.1(b) The provisions of 8.6 will not apply to employees placed on travel status by the Company, and such employees will not be laid off while on such status.

1 **8.1(c)** The terms “employee” or “employees” wherever used in this Article will be subject to the
2 foregoing limitations.

3
4 **Section 8.2 Objective.** The general objective of the procedure stated in this Article is to provide for
5 the accomplishment of workforce reductions for business reasons, to the end that, insofar as practicable
6 the reductions will be made equitably, expeditiously and economically, and at the same time will result
7 in retention on the payroll of those employees regarded by management as comprising the workforce that
8 is best able to maintain or improve the efficiency of the Company, further its progress and success and
9 contribute to the successful accomplishment of the Company's current and future business. The location,
10 occurrence and existence of any condition necessitating a workforce reduction, and the number of
11 employees involved, will be determined exclusively by the Company. Following such determination, the
12 Company will notify the Union of the location and the estimated size and job family and skills
13 management code(s) involved in the anticipated workforce reduction. Wherever practicable, affected
14 employees will be given two (2) weeks' notice prior to layoff.

15
16 It is recognized by both parties that it is necessary to work certain skill coded employees overtime while
17 at the same time workforce reductions involving the same skill codes will be taking place. Management
18 will review the use of overtime in any skill code in which layoffs are contemplated with the intent
19 of minimizing the use of such overtime. Management, at its sole discretion, will determine the level of
20 overtime to be worked.

21
22 **Section 8.3 Terminology for Use in Procedure.** Preliminary to, and as affording information necessary
23 to the application of the procedures stated in 8.6, employees will be classified in two ways:

24
25 **8.3(a)** Management periodically will make a comparative rating of each employee as provided in 8.4.
26 The individual rating will be referred to as a “retention rating,” and the process of applying these
27 ratings and compiling them in order of rating, as retention indexing. Similar usage of these terms is
28 made herein. A retention index review will be held at least three (3) times during the term of this
29 Agreement and not less frequently than once each twelve months following the execution date of
30 this Agreement, with the precise intervals to be determined by the Company. The Company will
31 attempt to complete retention reviews as near as practicable to completion of the final review phase
32 of the Performance Evaluation process.

33
34 **8.3(b)** Each employee will be assigned a job family and skills management code (SMC) as provided
35 in 8.5.

36
37 **8.3(c)** The term “Major Organization” as used in this Article will mean a major organizational
38 element of the Company reporting to the Chief Executive Officer of The Boeing Company or
39 identified as such by the Chief Executive Officer of The Boeing Company. The units described in
40 1.1(b), 1.1(c), and 1.1(d), although not identified as Major Organizations, will be administered as
41 such, with the exception of 8.6(c). The Company shall provide to the Union in writing an up-to-date
42 list of Major Organizations and advise the Union as soon as practicable of changes made thereto.

43
44 **Section 8.4 Retention Indexing/Rating.** The comparative rating required by 8.3(a) will be accomplished
45 as herein described. Retention ratings assigned to employees prior to the execution date of this Agreement
46 will remain in effect until changed under provisions of this Article.

47
48 **8.4(a)** Management will assign a retention rating by SMC to each employee to whom this Article applies,
49 with the basic objective of identifying those employees who, in the opinion of management, are best able
50 to maintain or improve the efficiency of the Company, further its progress and success and contribute
51 to the successful accomplishment of the Company's current and future business. Consistent with this
52 objective, management will consider each employee's competence, diligence and demonstrated usable
53 capabilities based upon the employee's current performance and a review of the employee's previous
54 performance. Employees on part-time work schedules as defined in Attachment 17 will be retention
55 indexed with employees on full-time work schedules. Length of Company service will be a positive
56 factor to the extent that the experience so gained continues to be reflected in increased capability.

8.4(b) Subject to 8.4(c) and 8.4(d), retention indexing will result in each employee being rated in one of three (3) categories, hereinafter referred to as R1, R2 and R3.

8.4(c) It is recognized that any practical process of retention indexing cannot be completely free of error as to method used or as to resulting retention ratings, taking into account: the large numbers of employees, skills, organizations, and requirements involved; the fact that numerous management representatives necessarily must participate in the process; and the additional facts that professional employees are involved and many of the factors that must be dealt with in the process are intangible in nature. The Company will determine the retention rating of each employee, the times at which such ratings will be assigned, the members of management who will determine ratings or participate in the indexing process, the groupings to be utilized and the other mechanics and details of such process. The Company will instruct and periodically will reinstruct members of management participating in the process to assign retention ratings with the greatest possible care and objectivity, giving full consideration to the objectives stated in 8.2. Such instructions will stress that retention indexing is to be accomplished without regard to potential adjustments for Company service as provided for in 8.4(e).

8.4(c)(1) Retention Rating Appeals. The retention indexing process will not be subject to the grievance procedure; however, an employee who feels the assigned retention rating is inappropriate may at any time discuss the matter with his or her immediate supervisor. If within 30 calendar days following notification of the assigned retention rating, the employee elects to appeal the rating, and discussion with the immediate supervisor has not resolved the employee's concern, certain ratings may be appealed for further review as provided below:

8.4(c)(1)a The assigned retention rating represents a one or more position drop from the previous assigned rating and it is substantiated that the drop is not due to the effect of a workforce reduction and/or consolidation of retention index groups.

8.4(c)(1)b The employee has remained in the same skill code and been assigned a retention rating of R3 during four (4) or more consecutive retention reviews.

8.4(c)(1)c Employees who currently hold an assigned retention rating of R3 whose retention rating was previously adjusted to R1 for Company service may appeal an assigned R3 rating during the first retention review process of this Agreement.

8.4(c)(1)d The employee so affected will address his or her concerns in writing to the Union setting forth the basis for such appeal.

8.4(c)(1)e If the Union believes the employee's appeal warrants further review, the Union will notify the Enterprise Senior Workforce Manager within ten (10) workdays of receipt of the employee's appeal.

8.4(c)(1)f Within ten (10) workdays following such notice, a Skill Team/Functional Human Resources Representative, a Workforce or Employee Relations Representative and a Union Representative will meet to resolve the appeal. Pertinent information may be obtained from the employee, the immediate supervisor, and/or the Retention Captain for this meeting.

8.4(c)(1)g The parties identified in 8.4(c)(1)e, above, will resolve the appeal by majority decision at the meeting or within five (5) workdays thereafter. In the event the Union considers the decision to be inappropriate to the facts of the case, the Union may advance its appeal to the Enterprise Senior Workforce Manager. Such resolution by majority decision or by decision of the Enterprise Senior Workforce Manager will be final and binding and will conclude the appeal process.

8.4(c)(1)h If the result of an appeal over a two-position drop in retention rating is in favor of the employee, one of the following options may be selected as determined by Company and Union representatives:

- Restoration to the previous retention rating of R1, or
- Modification of the assigned retention rating to R2.

8.4(d) Distribution. Each employee will be assigned a retention rating such that, as nearly as is mathematically practicable, the retention rating distribution is R1 - 38 to 42%, R2 - 38 to 42% and R3 - 18 to 22%. Employees classified as Technical Fellows and Associate Technical Fellows shall not be subject to those distribution requirements.

Since personnel transactions will occur subsequent to each periodic review, it shall not be necessary to maintain this distribution during intervals between periodic reviews.

8.4(e) As a part of each periodic retention index review, and immediately following completion of the distribution procedure set forth in 8.4(d), adjusted retention ratings will be assigned in compliance with the following:

Employees with twenty (20) or more years of Company service whose assigned retention rating is R3 will be given an adjusted retention rating of R2.. Employees with thirty (30) or more years of Company service whose assigned retention rating is R2 will be given an adjusted retention rating of R1. Such adjustments will be reflected in the written notification to each employee described in 8.4(f). (Employees who reach the aforementioned Company service dates between periodic retention indexings will have their assigned retention ratings adjusted accordingly.) Employees designated pursuant to the process described in the Letter of Understanding entitled "Designated Employees" for two (2) consecutive retention index reviews will not be eligible for service adjustments upon receipt of the second designation. Such employees may appeal their designation using the process described in 8.4(c)(1). Employees may elect to temporarily waive any service adjustment.

8.4(f) Management will provide each employee with written notification of his or her new periodic retention rating not later than the effective date of the new periodic retention indexing, except where such a schedule is made impractical due to the unavailability of the employee or the supervisor occasioned by vacations, travel assignments, etc. In addition, management will offer to discuss the new retention rating with employees. The written notification will contain that employee's:

8.4(f)(1) Job family and skills management code

8.4(f)(2) Skill Team Captain or Functional manager's name

8.4(f)(3) Retention rating prior to and following any adjustment under 8.4(e), effective date, and the number of employees in each of the three retention rating categories as adjusted under 8.4(e) within the employee's job family and skills management code and Major Organization.

8.4(g) An employee hired into a unit who has less than two (2) years of directly applicable work experience will not be included in or subject to the retention index review and will not be assigned a retention rating until (1) management is able to evaluate the employee's capability and elects to assign the employee a retention rating, or (2) a period of twelve (12) months from the employee's date of hire into the unit, whichever occurs first. During times of surplus, management will attempt to evaluate these employees relative to their peers and assign an appropriate retention rating.

8.4(h) An employee who returns to active employment from layoff status or leave of absence will retain the job family and skills management code and retention rating held at time of layoff or leave of absence until such time as management is able to evaluate the employee's capability and elects to assign the employee a new retention rating.

8.4(i) An employee transferred between the bargaining units described in 1.1(a), 1.1(b), 1.1(c), and 1.1(d) will be regarded as having the retention rating held immediately prior to the transfer, until such time as management is able to evaluate the employee's capability and elects to assign the employee a new retention rating.

8.4(j) Employees entering a unit other than as described in 8.4(g), 8.4(h) and 8.4(i), and those employees whose job family and skills management codes are changed, will receive new retention ratings within the six-month period following the date of such entrance or change. Prior to receiving the new ratings, employees whose job family and skills management codes were changed will be regarded as having the retention ratings held immediately prior to the job family and skills management code change.

Section 8.5 Job Family and Skills Management Code. Job family and skills management codes will be assigned as follows:

8.5(a) A job family and skills management code will be assigned each employee by management following discussion with the employee regarding their knowledge, skills and abilities as they relate to their current assignment. This job family and skills management code defines the employee's current assignment and not necessarily the employee's highest skill. Upon assignment by management, the employee will have the opportunity to acknowledge receipt on the Company provided form. Employee job classifications and skills management codes may be challenged pursuant to Article 22.5(d).

Section 8.6 Redeployment Procedures. Subject to 8.6(e), 8.6(f) and 8.7 and the applicable provisions of Article 9, the scope of which sections is in no way limited or affected by 8.6(a), 8.6(b), 8.6(c), and 8.6(d), the procedure for handling workforce reductions will be as follows:

8.6(a) When a workforce reduction is determined by management to be necessary within one or more job family and skills management codes in a Major Organization, management will designate for layoff the required number of employees in the Major Organization within such job family and skills management codes with R3 retention ratings. Exceptions to the designation for layoff of R3 rated employees may be made by the Company, where it desires to retain certain R3 rated employees in such job family and skills management codes in the Major Organization, as long as the number of R3 rated employees so retained in each affected job family and skills management code in the Major Organization does not exceed 10% or one (1) employee, whichever is greater, of the number of employees rated R3 in the Major Organization within the job family and skills management code at the most recent periodic indexing.

8.6(b) If, after application of the procedures and exceptions stated in 8.6(a), a necessity for workforce reduction continues to exist in any such job family and skills management codes in the Major Organization, management will designate for layoff the required number of employees in the Major Organization within such job family and skills management codes with R2 retention ratings. Exceptions to the designation for layoff of R2 rated employees may be made by the Company, where it desires to retain certain R2 rated employees in such job family and skills management codes in the Major Organization, as long as the number of R2 rated employees so retained in each affected job family and skills management code in the Major Organization does not exceed 10% or one (1) employee, whichever is greater, of the number of employees rated R2 in the Major Organization within the job family and skills management code at the most recent periodic indexing.

Further rounding under 8.6(a) and 8.6(b) is permitted within the following parameters:

| No. of Employees | Parameter |
|------------------|---|
| 1 to 14 | one (1) employee may be subject to the 10% exception |
| 15 to 24 | two (2) employees may be subject to the 10% exception |
| 25 to 34 | three (3) employees may be subject to the 10% exception; etc. |

8.6(c) If, after application of the procedures and exceptions stated in 8.6(b), a necessity for workforce reduction continues to exist in any such job family and skills management codes in the Major Organization, the reduction will be accomplished by transferring a sufficient number of the assigned

R1 retention rated employees as selected by management in the Major Organization within such job family and skills management codes to another Major Organization(s) within the same labor market area, thereby displacing R3 rated employees in such job family and skills management codes in the latter Major Organization(s) who will in turn be designated for layoff. Then, to the extent necessary, R2 rated employees in such job family and skills management codes in the latter Major Organization(s) will be displaced and designated for layoff. The latter Major Organization(s) will have the right to retain in each affected job family and skills management code not to exceed 20% of its R3 rated employees in each such job family and skills management code and not to exceed 40% of its R2 rated employees in each such job family and skills management code. To determine the number of employees that may be retained by the latter Major Organization(s), these percentages are to be applied respectively to the number of R3 rated employees and R2 rated employees that were within the particular job family and skills management code in the latter Major Organization(s) at the most recent periodic indexing.

8.6(d) If, after application of the procedures and exceptions stated in 8.4(e), 8.6(a), 8.6(b), and 8.6(c) if applicable, a necessity for workforce reduction continues to exist in any of the job family and skills management codes in the Major Organization where the reduction originated, the Company will have the right to select, designate and lay off any of the remaining employees in the affected job family and skills management codes within the units described in 1.1(a), 1.1(b), 1.1(c), and 1.1(d) irrespective of their retention rating, Major Organization or any other factor.

8.6(e) The Company may lay off employees from the unit without regard to the provisions of this procedure, provided the number of such layoffs per month does not exceed 0.25% (one quarter of one percent) of the total number of employees employed in the bargaining unit on the first day of that month.

8.6(f) Nothing in this Article is intended to preclude management from using other actions, such as employee transfers, reclassifications, reassignments or combinations thereof which are not inconsistent with the terms and conditions governing such actions as may be set forth in this Agreement, in order to avoid or reduce the necessity to initiate or carry out workforce reductions.

8.6(g) Employees designated by the Company for special training in programs approved by the Major Organization Director of Human Resources will be assigned a unique skills management code in accordance with the Letter of Understanding entitled Retraining Skill Transition.

8.6(h) Employees laid off after refusing less than equivalent job offers made as a result of redeployment activities will be considered involuntary layoffs and will be eligible for layoff benefits as defined in Article 21.

8.6(i) During periods of surplus activity, the Company may make available programs intended to mitigate the impact of layoffs. The Company will advise the Union of these programs and their availability.

Section 8.7 Exceptions to Foregoing Procedures. In instances where, in the opinion of management, the foregoing procedures contained in this Article do not achieve the Company objectives stated in 8.2, exceptions hereto, without any limitation as to number, may be made when approved by the Chief Executive Officer of the Company, or designated representative. It will be the responsibility of any supervisor who recommends such an exception to prepare and transmit through the line organization to the Major Organization Manager and then to the Office of the Chief Executive Officer of the Company, or designated representative, a detailed report of the proposed exception(s) and the reasons therefore. An explanation prior to implementation will be provided to the Union.

Section 8.8 General Provisions.

8.8(a) Compensable Injuries. Any employee who has been wholly or partially incapacitated for that employee's regular work by compensable injury or compensable occupational disease while in the

employ of the Company may, while so incapacitated, be employed in his or her bargaining unit in work which the employee can do without regard to the provisions of this Article. The Union shall be notified of all persons to whom this waiver applies and the effective dates of each waiver.

8.8(b) Veterans. The Company and the Union, recognizing that the rights of employees entering or inducted into the Armed Forces of the United States to reemployment by the Company, and the Company's obligation to these employees, are the subject matter of legislation, agree that nothing contained in this Agreement will preclude the Company from reemploying such employees in compliance with the provisions of applicable laws.

8.8(c) Transfer Return Rights. An employee who is transferred by the Company from one of the units described in Article 1 to another, and at the time of such transfer is accorded return rights by the Company in writing, will not be laid off while assigned at such other unit but will be transferred back to the original unit in accordance with the return rights previously accorded by the Company. An exception will be made if the employee elects to be laid off in which case the employee will waive transfer return rights.

8.8(d) Job Posting Process. The Company will maintain an environment in which employees can make known their interest in transferring to other positions for which they are qualified to perform and which may satisfy their personal needs. A job posting and transfer process will be maintained which will allow employees, without fear of reprisal, to make application for transfer and receive consideration as a candidate for open positions for which they are qualified. All employees, including those involved in surpluses, shall be subject to the terms and conditions of the Company's job posting process (PRO-6477 approved October 24, 2005). Exceptions to the employee release requirements may be appealed to the Enterprise Senior Workforce Manager in cases where resolution is not obtained through discussions with management.

8.8(e) Hiring of Employees on Part-Time Work Schedules. The Company will not hire new employees into the bargaining unit on part-time work schedules and will not normally approve part-time work schedules for employees with less than two (2) years of Company service; provided, however, that the Company may rehire retirees on part-time schedules. Approval of part-time work schedules may be revoked at any time at management's discretion.

Section 8.9 Layoff Status and Return to Active Employment.

8.9(a) Maintenance of Layoff Status.

8.9(a)(1) Each employee laid off under the provisions of this Article will remain on layoff status for a total period of three (3) years from the date the layoff was effective, subject to 8.9(a)(2).

8.9(a)(2) An employee shall remain on layoff status in accordance with 8.9(a)(1), provided he or she does not:

8.9(a)(2)a Reject consideration for employment, for example, fail to respond to a Company contact, letter of interest, or a formal offer from the Company of a job within ten (10) workdays after such contact by the Company or by such later date as may be stipulated by the Company; or

8.9(a)(2)b Refuse a formal offer from the Company for a full-time job in the same labor market area from which laid off, for which the salary offered is equal to or greater than the employee's salary at the time of layoff plus any contractual minimum wage increases that were applied during the time period between layoff and recall, or

8.9(a)(2)c Fail to report to work within ten (10) workdays following acceptance of a formal Company offer or on such later date as may be stipulated in the Company offer, or

1 **8.9(a)(2)d** Elect retirement under the Company Retirement Plan thereby removing
2 themselves permanently from layoff status.

3
4 **8.9(a)(3)** Employees removed from layoff status for any reason other than retirement or
5 expiration of the three-year period following layoff will be notified in writing of such removal,
6 and the reasons therefore, by the Company.

7
8 **8.9(a)(4)** Laid off employees who are prevented from meeting the conditions described in
9 8.9(a)(2)a, 8.9(a)(2)b, 8.9(a)(2)c, or 8.9(b)(4) solely due to medical disability, verified to the
10 Company's satisfaction by their personal physician, shall upon request be granted a waiver for the
11 missed requirement(s).

12
13 **8.9(b) Return to Active Employment.**

14
15 **8.9(b)(1)** It is a mutual objective of the Company and the Union that laid off employees who
16 have not been determined ineligible under 8.9(b)(3), 21.3(a), or the Letter of Understanding
17 entitled "Designated Employees" be recalled to active employment, and a mutual desire that
18 such recall into the Major Organization from which the employee was laid off be offered in
19 approximate reverse order of layoff with the objective of matching employee skills to job
20 requirements as defined in 8.9(b)(1)c. Accordingly, employees on file for recall pursuant to
21 8.9(b)(4) will be offered return to active employment within the applicable job family and skills
22 management code, in approximate reverse order of lay-off, prior to workforce additions from
23 sources external to the Company, subject to the following limitations:

24
25 **8.9(b)(1)a** Eligible employees must set up and maintain a profile in the Company's
26 Employment Staffing System.

27
28 **8.9(b)(1)b** Nothing in 8.9 will preclude the Company from hiring from sources outside the
29 Company when projected requirements exceed the number of employees in applicable job
30 family and skills management codes on file pursuant to 8.9(b)(4) who are eligible for an offer
31 of recall.

32
33 **8.9(b)(1)c** In making recall and hiring decisions, the Company will review the specific
34 qualifications of individuals on the basis of product familiarity, specialized experience or
35 education, customer requirements and the need to achieve the most efficient and accurate
36 match of individual capabilities to job requirements. Consequently, not all Company
37 decisions relating to recall and hiring can promote the mutual objective and desire stated
38 above. Such decisions will not be subject to Article 3.

39
40 **8.9(b)(2)** The Company periodically will review with the Union the operation of 8.9(b)(1) in
41 order to facilitate achievement of the mutual objective and desire stated above.

42
43 **8.9(b)(3)** Prior to layoff the Company will review employees to determine eligibility for
44 reemployment consideration under 8.9(b)(1). The review will be limited to those employees for
45 whom there is supporting documentation of performance deficiencies and/or a pattern of
46 unacceptable conduct. The review will be performed by the cognizant Skill Team Captain for the
47 employee's job family and skills management code. Based on the review the employee will be
48 advised no later than the time layoff notice is issued as to his or her eligibility for reemployment
49 consideration under 8.9(b)(1). An employee determined ineligible may appeal such
50 determination to the cognizant Skill Team Captain. If the appeal does not resolve the matter, the
51 employee may then file a grievance in accordance with Article 3. Such grievance shall be limited
52 to the first three steps of the grievance procedure and shall not be subject to arbitration.

53
54 **8.9(b)(4)** Within forty-five (45) days of layoff, the employee must file for priority consideration
55 return to active employment. The Company will maintain a list of the names of all laid off
56 employees, except those determined ineligible under 8.9(b)(3), those who have received layoff

benefits as a lump sum under 21.3(a), and those identified under the letter of Understanding entitled "Designated Employees." In order to maintain such recall status, the employee must keep the Company informed of his or her interest in returning to active employment by submitting a letter so stating. The employee must register by letter once each consecutive calendar half-year period (January through June; July through December) during the three-year period from the date of layoff. Registration letters must be received within forty-five (45) days prior to the expiration of the current half-year period and must contain the individual's name, BEMS ID, address, and telephone number. Individuals who do not properly register in each calendar period will be removed from the priority consideration eligibility list. Failure to register properly will result in priority consideration eligibility being revoked for the remainder of the three-year period. Eligible employees on file for return to active employment are subject to the provisions of 8.9(a).

8.9(b)(5) If any employee on layoff status disputes his or her recall status as reflected in Company records, Company records shall prevail unless the employee can produce either

(a) a Company receipt, or

(b) a properly addressed U.S. Postal Service return receipt evidencing filing of the registration letter during the calendar period in question.

8.9(c) Salary and Level of Returning Laid Off Employees. Company offers to laid off employees for return to active employment will be extended at whatever salary and level is deemed by management to be appropriate and will be equal to or greater than the employee's salary at the time of layoff, plus any contractual minimum wage increases that were applied during the time period between layoff and recall.

8.9(d) Employees who remain on layoff status for the full period specified in 8.9(a)(1) will for a period up to six (6) years from the date the layoff was effective remain eligible for certain additional retirement benefits as specified in the Retirement Plan.

8.9(e) The Company will maintain a record of all laid off employees who are on layoff status under the above provisions.

ARTICLE 9 CONTRACT PERSONNEL

Section 9.1 Purpose. The Company and the Union recognize that Contract personnel are a practical source of skilled temporary labor that allows the Company to acquire skilled engineering and technical support in a timely manner. The parties recognize that requirements for experienced Contract personnel must be balanced with the need to build and maintain the Boeing experience base and to support our mutual objective of workforce stabilization by minimizing employee layoffs. The parties further acknowledge limitations in the use of contract personnel during workforce reductions, as described in this Article 9, or when employees are on priority recall status, as described in Article 8.

Section 9.2 Definition. The term Contract personnel refers to temporary personnel provided by another business entity to perform work on Company premises under the daily control and supervision of Company management. The business entities that provide Contract personnel normally are in the business of providing temporary services (such as temporary employment agencies and staffing firms). Sources of contract personnel may also include businesses in the aerospace or related fields that make their employees available for temporary labor (so-called "industry assist" arrangements). Excluded from the definition of Contract personnel are consultants and their employees and employees of subcontractors or vendors.

Section 9.3 Procedures and Limitations.

1 **9.3(a)** The Company shall notify the Union of the basis for the need, the approximate number of
2 Contract personnel required and the job family and skills management codes normally held by
3 employees performing the type of work involved.
4

5 **9.3(b)** If based on a variety of factors (including but not limited to the nature of the assignment, the
6 status of the program, the overall need for the skills at issue, and the purpose of using Contract
7 personnel described above) the Company needs the skills supplied by Contract personnel on a long-term
8 basis, the position shall be made available in accordance with the Boeing job posting process.
9

10 **9.3(c)** The Company and the Union agree that it is normally inappropriate to hire Contract personnel
11 as direct hires in periods of surplus activity within a job family and skills management code. Deviations
12 will be subject to approval by the appropriate senior level executive for the Major Organization.
13 The granting of a deviation to allow such hiring shall not be subject to the grievance and arbitration
14 procedure of Article 3.
15

16 **9.3(d)** The Joint Workforce Committee will review the duration of Contract personnel assignments
17 as requested by the Union. In specific situations where contract labor assignments are in excess of
18 eighteen (18) months, the Union may request that the Company provide a rationale for the duration
19 of the assignment.
20

21 **9.3(e)** Contract personnel shall not be authorized to make decisions normally associated with
22 management responsibility including salary determination, retention and discipline.
23

24 **9.3(f)** No employee with an assigned retention rating of R1 or R2 shall be laid off from a surplus
25 Major Organization while Contract personnel are still employed in that job family and skills
26 management code within that, or any other, Major Organization. No employee from a surplus
27 Major Organization shall be laid off while Contract personnel are still employed in that job family
28 and skills management code within that Major Organization, except those employees as to whom
29 there is supporting documentation of performance deficiencies.
30

31 **9.3(g)** Exceptions to this Article to avoid significant disruption or impact on committed packages of
32 work will require the approval of the Enterprise Senior Workforce Manager. Notification will be
33 provided to the Union as soon as practicable.
34

35 **Section 9.4 Data.** The Company shall supply the Union on a monthly basis with data that displays the
36 number of contract personnel utilized by job code and Major Organization, so that compliance with all
37 limitations identified in 9.3 can be monitored. The data shall include names, BEMS identification
38 numbers, work location, job title, group/organization name, contract labor type codes, and start dates.
39

40 **ARTICLE 10**

41 **JOINT MEETINGS**

42 **Section 10.1 Joint Meetings.**

43
44 **10.1(a)** Should either party desire to discuss with the other any matter affecting generally the
45 relationship of the parties, a meeting of Union and management representatives shall be arranged upon
46 request of either party. Such meeting shall take place at a time mutually convenient to both parties.
47 Any use of Company time for attendance at such meetings shall be arranged in advance by mutual
48 agreement.
49

50
51 **10.1(b)** This Article is intended to provide a free avenue of communication between the Union and
52 the Company, and suggestions, complaints, or other matters may be presented by either party,
53 provided that neither party shall be required to discuss any item brought up by the other party nor be
54 bound to act upon any item presented. However, both parties agree to discuss informal grievances
55 and complaints.
56

ARTICLE 11
PAY RATES / CLASSIFICATIONS / OVERTIME / TEMPORARY MILITARY LEAVE /
JURY DUTY AND WITNESS SERVICE / WORK SCHEDULES AND SHIFTS / INCENTIVES

Section 11.1 Pay Rates, Titles, Levels and Salary Ranges.

11.1(a) The minimum salary for the payroll, effective March 3, 2006, will be determined by the Salaried Reference Table minimum values for each bargaining unit member's respective Salaried Job Classification and level.

TABLE I

| Salaried Job Classification | Job Family | Levels |
|-----------------------------|--|--------|
| AG | Facilities Equipment Engineer | 1 - 6 |
| AJ | Facilities Plant Engineer | 1 - 6 |
| BS | Environmental Remediation Engineer/Scientist | 1 - 6 |
| DE | Quality Engineer | 1 - 6 |
| ED | Environmental Engineer/Scientist | 1 - 6 |
| JA | Engineer/Scientist | 1 - 6 |
| KA | Manufacturing Engineer | 1 - 6 |
| KE | Industrial Engineer | 1 - 6 |
| KZ | Tool Engineer | 1 - 6 |
| ND | Embedded Software Engineer | 1 - 6 |
| SC | Customer Support Engineer | 1 - 6 |
| ST | Software Quality Engineer | 1 - 6 |

11.1(b) The Company will establish three selective adjustment funds in accordance with the dates set forth in Table II:

TABLE II

**SELECTIVE SALARY ADJUSTMENT FUND REVIEW PERIODS
AND INCREASE PERCENTAGES**

| Review Period | Fund Computation Date | Increase Effective Date | Base Salary Adjustment Fund | Market Adjustment Fund | Minimum Increase Percentage |
|---------------|-----------------------|-------------------------|-----------------------------|------------------------------|-----------------------------|
| 1 | 2/3/06 | 3/3/06 | 4.0% | 2.5% | 1.5% |
| 2 | 2/2/07 | 3/2/07 | 4.0% | Dependent on market analysis | 1.5% |
| 3 | 2/1/08 | 2/29/08 | 4.0% | Dependent on market analysis | 1.5% |

11.1(b)(1) Base salaries of eligible employees will be increased from a fund computed by multiplying the Increase Percentage by the total salaries of eligible employees. All eligible employees will participate in the selective review with minimum increases given as indicated in Table II. All increases will be effective on the Increase Effective Date of the review period. Eligible employees are defined as follows:

- Hired before November 1st; and
- Classified in the bargaining unit on both the Fund Computation Date and the Increase Effective Date.

Employees on leave of absence for more than 180 days as of the Fund Computation Date are excluded from the Salary Review exercise.

For selective adjustment fund computation purposes described in 11.1(b), the units defined in 1.1(a), 1.1(b), 1.1(c), and 1.1(d) will be treated as a single unit.

For any Review Period identified in Table II, the Company may, at its discretion, increase the Increase Percentage, resulting in an equal decrease to the Increase Percentage of a subsequent Review Period.

11.1(b)(2) Annual Salary Data Review. The Company agrees to annually review the relationship of bargaining unit salaries to those of the market, and to share the results with the Union. Based on this year's salary analysis, the Company agrees to supplement the 2006 Base Salary Adjustment Fund with a Market Adjustment Fund of 2.5%, as set forth in Table II.

The final determination as to the amount of any Market Adjustment Fund in 2007 and 2008 will be made by the Company and will not be subject to the grievance and arbitration procedure of Article 3.

The Union agrees to keep confidential, and not disclose, any information provided pursuant to this Section 11.1(b)(2) that the Company designates as not subject to disclosure.

11.1(c) Cost of Living Adjustments.

11.1(c)(1) Employees eligible to participate in the selective adjustment funds under 11.1(b) may also receive Cost of Living Adjustments to the extent such adjustments become effective under and in accordance with all of the terms, conditions and limitations stated in 11.1(c). The terms, definitions, and limitations stated in 11.1(b) and 11.1(c) also apply to such adjustments. Cost of Living Adjustments would be delivered to each eligible employee separately from those selective adjustment funds derived in 11.1(b). Cost of Living Adjustments would be effective on the dates specified in Table III.

11.1(c)(2) Determination of Cost of Living Adjustments shall be made in reference to the series U.S. city average "Consumer Price Index Urban Wage Earners and Clerical Workers" published by the Bureau of Labor Statistics, U.S. Department of Labor, with the following base period: 1982-1984 = 100, such Index being referred to herein as the BLS Index.

11.1(c)(3) Computations will be made using the three-month average of the BLS Index for July, August and September, 2005 (192.7), as the base period.

11.1(c)(4) During the life of this Agreement, Cost of Living Adjustments shall be computed using the three-month average of the BLS Index for the periods specified in Table III and the corresponding BLS Index threshold values expressed as percentage increases over the 2005 base period. The formula will be: percentage of Cost of Living equals fifty (50) percent of the percentage increase in the BLS Index, from the 2005 base period to the BLS Index Comparison Quarter, that exceeds the BLS Index Threshold Percentage, as shown in Table III. In order to preclude recognition, on more than one effective date, of the same percentage increase in the BLS Index, any recognition on one effective date of a percentage increase over the applicable BLS Index Threshold Percentage will cause that percentage to be set aside and disregarded in ensuing computations. [e.g., if the BLS Index for October, November, December 2005 represented a 15 percent increase over the base period (yielding a 1.0 percent Cost of Living Adjustment effective 3/3/2006), no Cost of Living Adjustment would result for the 3/2/2007 effective date unless, and to the extent, the BLS Index for October, November, December 2006 represented an increase in excess of 23.52 percent over the base period.] BLS Index three-month averages, BLS Index increase percentages, and salary increase percentages will be rounded to the nearest tenth, with five hundredths rounded upward to the nearest tenth. The BLS Index Threshold Percentages will be adjusted accordingly in the event of a market adjustment in review periods 2 or 3.

TABLE III

| Effective Date of Adjustment | BLS Index Comparison Quarter | BLS Index Threshold Percentage |
|---------------------------------|---------------------------------|-----------------------------------|
| 3/3/2006 | Oct, Nov, Dec 2005 | 13.0% |
| 3/2/2007 | Oct, Nov, Dec 2006 | 21.52% |
| 3/7/2008 | Oct, Nov, Dec 2007 | 30.38% |

11.1(c)(5) In connection with each of the effective dates in Table III, the computations set forth in 11.1(c)(4) will be made.

11.1(d) For payroll computation purposes, hourly rates of pay will be computed on the basis of 2080 compensable hours each calendar year.

Section 11.2 Classifications. When, pursuant to the provisions of Article 1, the Company classifies an individual in one of the Engineer classifications listed in this Article, it will give consideration to the nature of the work involved and the qualifications of such individual. Inclusion in these classifications shall be limited to those employees who, in the performance of their assigned work, regularly apply engineering disciplines to the research, design, development, test and evaluation of Company products or processes, and who satisfy the definition of "professional employee" as stated in Section 2(12) of the National Labor Relations Act as set forth below:

- "(a) any employee engaged in work (i) predominately intellectual and varied in character as opposed to routine mental, manual, mechanical, or physical work; (ii) involving the consistent exercise of discretion and judgment in its performance; (iii) of such a character that the output produced or the result accomplished cannot be standardized in relation to a given period of time; (iv) requiring knowledge of an advanced type in a field of science or learning customarily acquired by a prolonged course of specialized intellectual instruction and study in an institution of higher learning or a hospital, as distinguished from a general academic education or from an apprenticeship or from training in the performance of routine mental, manual, or physical processes; or
- (b) any employee, who (i) has completed the courses of specialized intellectual instruction and study described in clause (iv) of paragraph (a) and (ii) is performing related work under the supervision of a professional person to qualify himself to become a professional employee as defined in paragraph (a)."

This Section shall not be construed as affecting the Company's unilateral right to select and determine the employees to be included in each classification listed in this Article, which right shall not be subject to Article 3. Nothing in Table I of this Article is intended to alter the historical scope of the unit as described in Article 1.

Section 11.3 Overtime.

11.3(a) The hourly rate to be paid for scheduled overtime worked by employees will be straight time plus \$6.50 per hour.

11.3(b) The term "scheduled overtime" as used in this paragraph will refer to a program of work in excess of 80 compensated hours in a two-week pay period authorized as scheduled overtime by the Company to meet increased workload.

11.3(c) The provisions of 11.3 will not be applicable to the following:

11.3(c)(1) Employees on part-time work schedules.

1 **11.3(c)(2)** Time enroute on travel assignments at the request of the Company.

2
3 **11.3(c)(3)** All hours worked in excess of the scheduled hours which are not requested by the
4 Company.

5
6 **11.3(d)** Except as expressly provided in this Agreement, the Company shall have the right to
7 require employees to record time worked (however categorized) and to administer the overtime and
8 all other aspects of its labor charging system in the manner the Company may determine from
9 time-to-time.

10
11 **Section 11.4 Temporary Military Leave.** Time off with pay up to a maximum of eighty hours each
12 military fiscal year will be granted to an employee who is a member of a reserve component of the Armed
13 Forces and who is absent due to required annual active duty or to temporary special duty. The amount
14 due the employee under this 11.4 shall be reduced by the amount received from the government body
15 identified with such active or temporary special duty, for the period of such duty (up to the maximum
16 period mentioned above). Such items as subsistence, uniform, and travel allowance shall not be included
17 in determining pay received from the state or federal government. An employee who elects to work or use
18 available vacation credits while on temporary active duty will not be eligible for military pay differential
19 for that period.

20
21 Beginning with the military fiscal year starting October 1, 2000, the following provisions will apply:

22
23 Members of a reserve component of a uniformed service ordered to annual active duty are eligible for
24 military differential pay up to a maximum of 80 hours each military fiscal year (October 1 - September
25 30) or longer if required by applicable laws.

26
27 Members of a reserve component of a uniformed service ordered to temporary special duty under
28 Military U.S. Code Title 10 or mobilized by the applicable state agency are eligible for military
29 differential pay up to a maximum of 90 calendar days for each occurrence.

30
31 Employees will retain all compensation received from the uniformed services. If this compensation is
32 less than their regular Company pay (base rate plus applicable additives), the Company will provide
33 pay equal to the difference between the employee's base rate (plus applicable additives) and the
34 compensation received from the uniformed services. This pay will be provided upon receipt of
35 the employee's leave and earnings statement. Subsistence (does not include quarters), uniform, and
36 travel allowances will not be included in determining military pay.

37
38 **Section 11.5 Jury Duty and Witness Service.** Time off with pay, up to 30 days each calendar year or
39 longer if required by applicable laws, will be granted for absence necessary for an employee to perform jury
40 duty or witness service. The employee will retain all fees received. Time off with pay, unless required by
41 applicable law, will not be granted if the employee:

- 42
43 1. Is subpoenaed as a witness against the Company or its interests.
44
45 2. Is subpoenaed as a witness as a direct party in the action.
46
47 3. Voluntarily seeks to testify as a witness.
48
49 4. Is subpoenaed as a witness in a case arising from or related to the employee's outside employment
50 or outside business activities.

51
52 Deviations to this procedure must be approved by Company Offices Compensation and Benefits.

53
54 **Section 11.6 Work Schedules and Shifts.**

55
56 **11.6(a)** Each employee working full time shall be assigned one of the following work schedules:

- (1) Category 1 Weekday Schedule: 40 hours in a workweek or 80 hours in a pay period, with regular workdays during the Monday through Friday period.
- (2) Category 1 Weekend Schedule: 40 hours in a workweek or 80 hours in a pay period, with Saturday and/or Sunday as a regular workday.
- (3) Category 2 Weekday Schedule: Less than 40 hours in a workweek or less than 80 hours in a pay period, with regular workdays during the Monday through Friday period.
- (4) Category 2 Weekend Schedule: Less than 40 hours in a workweek or less than 80 hours in a pay period with Saturday and/or Sunday as a regular workday.

| Schedule Hours | Category One Schedules of 40 hours in a workweek or 80 hours in a pay period | | Category Two Schedule with fewer than 40 hours in a workweek or 80 hours in a pay period | |
|----------------|---|--|---|---|
| Schedule Type | Weekday | Weekend | Weekday | Weekend |
| Shift | Incentives | | | |
| First | None | Weekend Rate | Schedule Factor | Weekend Rate Schedule Factor |
| Second | Shift Rate | Shift Rate Weekend Rate | Shift Rate Schedule Factor | Shift Rate Weekend Rate Schedule Factor |
| Third | Shift Rate Shift Percentage | Shift Percentage Shift Rate Weekend Rate | Shift Rate Schedule Factor | Shift Rate Weekend Rate Schedule Factor |

INCENTIVES DEFINITIONS

| Shift Percentage Maintains "equity" with 3rd shift 6.5 hour schedule | Shift Rate Working other than 1st shift | Weekend Rate Working on a Saturday/Sunday as a regular day | Schedule Factor Works less than 40/80 hours, paid for 40/80 |
|---|---|---|--|
| 23% | \$.75 per hour | Sat. or Sun. \$1.50 Sat. & Sun. \$2.00 | Pay period hours/ Scheduled hours |

Employees may, at their request and with management's approval, work any of the above schedules. Management will staff Weekend Schedules with volunteers.

11.6(b) Employees may at their request and with management's approval, make a temporary modification of their work schedule through movement of hours from one day to another within an 80-hour pay period.

11.6(c) The Company may assign an employee to any shift to meet operational requirements. The following shift identification shall apply:

- (1) First shift: Begins at any time from 4:00 a.m. to 11:59 a.m.

(2) Second shift: Begins at any time from 12:00 noon to 7:59 p.m.

(3) Third shift: Begins at any time from 8:00 p.m. to 3:59 a.m.

Section 11.7 Incentives.

11.7(a) Employees assigned to second or third shift shall receive a shift rate incentive of seventy-five cents per hour.

11.7(b) Employees assigned to either Saturday or Sunday as a regular day of work shall receive \$1.50 per hour. Employees assigned to both Saturday and Sunday as regular days of work shall receive \$2.00 per hour.

11.7(c) Employees assigned to a Category 2 Schedule will receive a schedule factor incentive equivalent to the difference between the hours scheduled and forty hours in a workweek

11.7(d) Employees assigned to a Category 1 Schedule and identified to receive the "shift percentage" shall receive twenty-three percent (23%) of their base rate.

ARTICLE 12 UNION OFFICIALS

Section 12.1 Accredited Representatives.

12.1(a) The Union shall inform the Company in writing of the names and positions of its officials and, currently, any changes thereto. Only persons so designated to the Company will be accredited as representatives of the Union. Accreditation shall be effective on the third day following the Company's receipt of the notification.

12.1(b) Solicitation of Union membership, collection or checking of dues, or reading of Union newsletters or publications will not be permitted during working time. Distribution of Union newsletters or publications will not be made during working time or in work areas. The Company agrees not to discriminate in any way against any employee for legitimate Union activity, but such activity shall not be carried on during working time except as specifically provided for in this Agreement.

12.1(c) Each employee, before leaving his or her assigned work on Union business, shall have authorization therefore from the Union and shall notify his or her supervisor prior to taking such leave. The Union shall provide to the designated Company Representative oral confirmation of such authorization at least one day prior to such leave and written confirmation immediately thereafter. Such unworked time, limited to regular working hours, shall be charged to a special charge account number and the Union agrees to reimburse the Company at the employee's regular hourly rate for all such time so spent.

12.1(d) Grievance and Contract Administration.

12.1(d)(1) The Union shall investigate and adjust grievances and perform contract administration, in the work area, exclusively through Council Representatives (who shall be employees), Executive Board Members and Union Staff Representatives.

12.1(d)(2) Each Executive Board Member and Council Representative shall notify and obtain permission from his or her supervisor before leaving the work assignment for the purpose of investigating complaints or claims of grievance on the part of employees in his or her work area. Such permission shall be granted except where the supervisor considers such absence would seriously interfere with the performance of the group of which the representative is a part. Time

spent on such approved investigations and discussions shall be considered work time provided such activity does not extend beyond the time that the supervisor considers reasonable under the circumstances. Any Executive Board Member and Council Representative in the conduct of his or her investigation, and before contacting an employee, shall obtain permission of the supervisor of such employee and advise the supervisor of the nature of the complaint or grievance and the estimated time required for the discussion. Such permission shall be granted except where the visit would seriously interfere with the work of the group. Except as provided in 12.1(e) and 10.1(a), all time spent performing such Union business shall be handled in accordance with the Company's overhead charging process.

12.1(d)(3) Access by Union Staff Representatives and non-Employee Executive Board members shall be governed by 12.2 below.

12.1(e) Leave of absence of at least 30 days without pay shall be granted for the following reasons:

12.1(e)(1) Full-time employment by the Union or its national organization;

12.1(e)(2) Union business authorized by the Executive Board and approved in writing by the designated Company Representative, which approval shall not be withheld absent legitimate business circumstances.

The Company will reinstate employees on such leaves at not less than his or her former level and salary plus any general salary increases which occurred during the period of the leave of absence.

12.1(f) The Company and the Union recognize that each individual within the bargaining unit has a full-time work assignment for the Company and, if Union business impairs performance of such work assignment, the Company and Union agree to work together to resolve any conflicts as they occur and make arrangements to prevent such impairment in the future.

12.1(g) Executive Board and Council.

12.1(g)(1) The Union may designate one Council Representative for each 200 employees, or major fraction thereof, in each Major Organization in the bargaining unit, plus one Council Representative for each mutually agreed outplant location with fewer than 100 employees. In unique circumstances where maintaining such a ratio creates a hardship to the Union, the Company will give due consideration to a written request from the Union for a waiver of the ratio requirement.

12.1(g)(2) The parties will review annually, prior to Council elections, the number of Council Representatives allowed under 12.1(g)(1). The number agreed upon as contractually allowable during these reviews may not be reduced prior to the next such review except by mutual agreement of the parties. Any increases to the number of Representatives must be in accordance with 12.1(g)(1) and is also subject to mutual agreement of the parties.

12.1(g)(3) No more than seven Executive Board members shall at any time be accepted by the Company as accredited representatives of the Union.

12.1(g)(4) In the absence of a Council Representative for any reason, the Union may designate a temporary substitute.

12.1(h) Protection of Union Officials.

12.1(h)(1) Executive Board members and Council Representatives shall not be laid off during their respective terms of office except as described herein.

12.1(h)(1)a Council Representatives will be given a retention rating while serving during their term of office that will be adjusted to indicate that the employee has the highest

retention rating in the applicable job family, skills management code. So rated, the Representatives will be subject to all terms and conditions of Article 8 of the parties' Agreements. Once the Representatives are no longer in office, the retention rating will be readjusted to the otherwise applicable rating.

12.1(h)(1)b If Council Representatives are relocated, due to transfer or otherwise, out of the district in which they were elected, the Representatives will continue to be protected from layoff for the balance of their term of office so long as they remain recognized members of the Council. Each designated Council position can be filled by only one member.

12.1(h)(1)c Layoff protection does not apply to Council Representatives who, at the time of election or appointment, have received an active advance notice of potential layoff, unless the Representative is running for reelection to a consecutive term of office.

12.1(h)(1)d Nothing herein precludes a Council Representative from requesting a voluntary or accelerated layoff.

12.1(h)(2) In the event management deems it necessary to involuntarily transfer or loan a Council Representative, and other employees then represented by the Council Representative would remain in the same job family and skills management code, when practicable the Company will inform the Union of the proposed transfer or loan thirty days prior to its effective date and will discuss with the Union the feasibility of transferring or loaning another employee.

Section 12.2 Union Staff Representatives and Non-Employee Executive Board Members – Access to Plants. Union Staff Representatives and Executive Board Members not employed by the Company (hereinafter "Representatives") will be permitted access during working hours to areas in the Company's facilities where employees in the bargaining units defined in Article 1 are assigned, to the extent government and customer regulations permit. Such access shall be only for the purpose of investigating complaints or claims of grievance on the part of employees or the Union and shall be subject to the following:

12.2(a) The Company shall be required to admit only those Representatives who have been agreed to in writing or as may be agreed to by the Company throughout the remainder of the Agreement. Except for visits to the Corporate Employee Relations Offices, Representatives shall notify the designated Human Resources organization of their contemplated visits.

12.2(b) Representatives who are entitled to admittance to the Company's facilities shall sign in where required through the Company designated organization at the plant or facility they desire to enter. Upon being admitted, they shall proceed to the organization they wish to visit, contact the supervisor then present, inform him or her of the purpose of their visit and obtain his or her permission prior to contacting any employee in such organization. Such permission will be granted except where there is a substantial reason for delaying the contact due to safety conditions or the fact that a critical operation is in process. Upon leaving the plant or facility they shall sign out where required and return any temporary identification badges which were issued for the purpose of the specific visit.

12.2(c) The Company shall supply identification badges so that each Representative can have access during working hours to the areas in which Bargaining Unit employees are assigned. Representatives may retain their badges affording such access during the period they are assigned such duties by the Union, subject to 12.2(a), 12.2(b), and 12.2(d) of this Agreement.

12.2(d) Representatives who fail to comply with provisions of 12.2 shall forfeit their admittance rights.

Section 12.3 Union Staff Representative, Executive Board Member or Council Representative Security Interviews. Each employee has the right, during a Security interview which the employee reasonably believes may result in discipline, to request the presence of his or her Union Staff Representative,

Executive Board Member or Council Representative, if the Union Staff Representative, Executive Board Member or Council Representative is available. If his or her Union Staff Representative, Executive Board Member or Council Representative is not available, such employee may request the presence of another immediately available Union Staff Representative, Executive Board Member or Council Representative. If a Union Staff Representative, Executive Board Member or Council Representative, pursuant to the employee's request, is present during such an interview, the Union Staff Representative, Executive Board Member or Council Representative, in addition to acting as an observer, may, after the Security representative has completed his or her questioning of the employee, ask additional questions of the employee in an effort to provide information which is as complete and accurate as possible. The Union Staff Representative, Executive Board Member or Council Representative shall not obstruct or interfere with the interview.

ARTICLE 13 UNION SECURITY

Section 13.1 Union Membership. Subject to 13.2 below, and unless otherwise prohibited by applicable state law, all employees within the bargaining units defined in 1.1 shall pay dues or an agency fee to the Union within 31 days following the beginning of such employment, or within 31 days following the execution of this Agreement, whichever is later, and shall thereafter maintain their dues or agency fee paying status in good standing during the life of this Agreement, as a condition of continued employment.

Section 13.2 Satisfaction of Obligation. Employees who, under 13.1, are required to pay dues or an agency fee to the Union may satisfy that obligation by periodically, but not less than quarterly, tendering to the Union an amount equal to the Union's regular and usual monthly dues.

Employees who demonstrate sincere religious objection to the payment of such dues or an agency fee may satisfy their obligations under 13.1 by paying sums equal to the Union's regular and monthly dues to a tax-exempt nonreligious, nonlabor charitable organization.

Section 13.3 Failure to Satisfy Obligations. In the event an employee who, as a condition of continued employment, is required under this Article to pay dues or an agency fee to the Union but fails to do so, the Union will notify the Company in writing through the Company Offices Union Relations Office, or through such other office as may be designated by the Company, of such employee's delinquency. The Company agrees to advise such employee that his/her employment status with the Company is in jeopardy and that his/her failure to meet this obligation under this Article within five days will result in the termination of his/her employment.

Section 13.4 State Laws. In regard to employees within those collective bargaining units covered by this Agreement that are in states where application of a union security provision such as that stated in 13.1 is not legally permitted as of the effective date of this Agreement: In the event the application of such provision was to become permissible in such state during the effective period of this Agreement, such provision then would become applicable to the affected collective bargaining unit in that state, and the date that such provision became permissible would be used instead of the effective date of this Agreement.

Section 13.5 Payroll Deduction for Union Dues. The Company shall make payroll deductions for the Union's regular and usual monthly dues or agency fee, upon receipt by the office designated by the Company of a voluntary written assignment from the employee covering such deductions on a form mutually agreed to by the Union and the Company. The list of such deductions will be itemized to include each such employee's permanent employee number, name, and amount of deduction, and such itemization will be forwarded to the Union. The regular and usual monthly dues shall either be in amounts that are specified on such assignments, or pursuant to a written formula, submitted by the Union to the Company which, in either case, the Company has approved in writing in advance as being administratively practicable. The Company agrees to make monthly payroll deductions for Union dues for those employees on travel assignment scheduled to be 90 days or less who have a valid authorization card on file, regardless of the employee's payroll classification while on such assignment.

Section 13.6 Carry-over of Authorizations Between Bargaining Units. The Company will carry over dues authorizations of employees among and between the bargaining units represented by the Union, i.e., where a valid authorization card is on file with the Company for an employee within a Union bargaining unit and the employee thereafter is transferred directly to one of the other Union bargaining units and the employee has not in the meantime canceled the authorization. The Company will also resume dues deductions on behalf of employees who leave the bargaining unit and return within a 180-day period and have a valid dues deduction authorization on file.

Section 13.7 Indemnity and Waiver of Claims. The Union will indemnify and hold the Company harmless from and against any and all claims, demands, charges, complaints or suits instituted against the Company which are based on or arise out of any action taken by the Company in accordance with or arising out of the foregoing provisions of this Article 13. Both the Company and the Union will utilize due diligence in administering and reviewing, respectively, the dues deduction system. In the event the Union discovers administrative errors in the Company's administration of the system, the Union will give the Company prompt and timely notice of same, whereupon the Company will endeavor to make reasonable administrative corrections consistent with applicable state and federal law. Respecting Company administration of the system, the Union expressly waives as against the Company any and all claims, demands, suits, or other forms of liability that may arise out of or by reason of good faith action taken or not taken by the Company for purposes of complying with this Article.

ARTICLE 14 STRIKES AND LOCKOUTS

Section 14.1 Strikes and Lockouts. The Union agrees that during the term of this Agreement, and regardless of whether an unfair labor practice is alleged, (a) there shall be no strike, sit-down or walk-out and (b) the Union shall not directly or indirectly authorize, encourage or approve any refusal on the part of employees to proceed to the location of normal work assignment where no rare or unusual physical hazard is involved in proceeding to such location. Any employee who violates this clause shall be subject to discipline. The Company agrees that during the term of this Agreement there shall be no lockout of employees covered by this Agreement. Any claim by the Company that the Union has violated this Article or any claim by the Union that the Company has violated this Article shall not be subject to the grievance procedure or arbitration provisions of this Agreement and the Company or the Union shall have the right to submit such claim to the courts.

ARTICLE 15 VOLUNTARY INVESTMENT PLAN

Section 15.1 Continuation of Plan. Subject to the continuing approval of the Commissioner of Internal Revenue and of other cognizant governmental authorities, as more particularly hereinafter specified, and to the provisions of 15.5, a Voluntary Investment Plan (hereinafter call the Plan) in the form as now in effect as to the employees within the units to which this Agreement relates shall continue to be effective while this Agreement is in effect as to such employees in accordance with and subject to the terms, conditions and limitations of the Plan.

Section 15.2 Approval of Plan. Approval of the Plan by the Commissioner of Internal Revenue as referred to in 15.1 means a continuing approval sufficient to establish that the Plan and related trust or trusts are at all times qualified and exempt from income tax under Section 401(a), Section 401(k) and other applicable provisions of the Internal Revenue Code of 1986, and that contributions made by the Company under the Plan are deductible for income tax purposes in accordance with law. The cognizant governmental authorities referred to in 15.1 include, without limitation, the Department of Labor and the Securities and Exchange Commission, and their approval means their confirmation with respect to any matter within their regulatory authority that the Plan does not conflict with applicable law.

Section 15.3 Continuation Beyond Agreement. The Company shall not be precluded from continuing the Plan in effect as to employees within the units to which this Agreement relates after expiration or termination of this Agreement, subject to the terms, conditions, and limitations of the Plan.

Section 15.4 Plan Updates. The parties agree that innovations in technology and administrative practices can give savings plan participants better access to information about their benefits, increased investment options, timely on-line transaction capability and enhanced administrative features. Accordingly, when the company identifies administrative services that in its estimation reflect industry best practices, the Employee Benefit Plans Committee has discretion to adopt these changes to the Savings Plan. The Company will notify the Union in advance of implementation of any changes adopted by the Employee Benefit Plans Committee.

Section 15.5 Changes to the Current Plan. Subject to action by the Company's Board of Directors (or its delegate) and to the approvals specified in 15.2, all provisions of the Plan applicable to employees covered by this Agreement are to remain unchanged with the exception of the following amendment:

15.5(a) Effective January 1, 2006, the Company matching contribution shall be equal to 75 percent of the first 8 percent of the employee's base pay.

Section 15.6 Required Plan Amendments. The Company reserves the right to amend the Plan to satisfy all requirements of Section 401(a), Section 401(k) or any other applicable provision of the Internal Revenue Code of 1986.

Section 15.7 Participant Elective Contributions Not Applicable for Other Purposes. It is acknowledged that the election of a Member to convert a portion of his or her base pay under the terms of the Plan will be effective for purposes of this Plan and will reduce the Member's compensation insofar as certain payroll taxes may be applicable. However, for all other employment related purposes, including all of the Member's rights and privileges under this labor agreement, his or her base pay or compensation will be considered as though no election had been made.

ARTICLE 16 GROUP BENEFITS

Section 16.1 Type of Group Benefits Package for Employees on the Active Payroll. The Company will continue until June 30, 2006, the Group Benefits Package agreed to in the collective bargaining agreement of December 2, 2002, between the Company and the Union. Thereafter, the Company will provide the life insurance benefits, accidental death and dismemberment benefits, short term disability benefits, medical benefits, and dental benefits for eligible employees and medical benefits and dental benefits for covered dependents of eligible employees as summarized in the document entitled Attachment A, effective July 1, 2006, or as otherwise stated, as the Group Benefits Package. The Company will provide access to the following plans on an optional basis: Voluntary Personal Accident Plan, Long Term Disability Plan, and Health Care and Dependent Care Spending Account Plan.

Section 16.2 Cost of the Group Benefits Package for Employees on the Active Payroll.

16.2(a) Life, Accidental Death and Dismemberment, and Short Term Disability Benefits. The Company will pay the full cost of the Life Insurance, Accidental Death and Dismemberment, and Short Term Disability Plans for eligible employees.

16.2(b) Medical Benefits.

16.2(b)(1) The Company and the Union are committed to controlling health care costs through joint efforts under the Joint Benefits Discussion Group. In support of these efforts, the Company will continue to share the cost of medical coverage with employees at the current contribution levels.

1 **16.2(b)(2)** Effective July 1, 2004, in regions where employees may choose between coordinated
2 care and/or health maintenance organization plans or the Traditional Medical Plan, the Company
3 will pay the full cost of the lowest-cost plan in the applicable region for eligible employees and
4 dependents. For those employees and dependents whose coverage is with another plan, employees
5 will contribute on a pretax basis 12 percent of the cost of the plan the employee chooses.
6

7 **16.2(b)(3)** Effective January 1, 2004, in regions where employees may choose between
8 coordinated care and/or health maintenance organization plans or the Traditional Medical Plan
9 and where the total Company employment is 500 or fewer employees, the following contributions
10 will apply:
11

12 For any coordinated care/health maintenance organization plan coverage, employees will
13 contribute \$10 for an employee only, \$20 for an employee and spouse, \$20 for an employee and
14 child(ren), or \$30 for an employee and family. For Traditional Medical Plan coverage, employees
15 will contribute \$20 for an employee only, \$40 for an employee and spouse, \$40 for an employee
16 and child(ren), or \$60 for an employee and family. The Company will pay the cost of each plan
17 in excess of the amount contributed by employees.
18

19 **16.2(b)(4)** In regions where coordinated care and/or health maintenance organization plans are
20 not available, the Company will pay the full cost of the Traditional Medical Plan.
21

22 **16.2(b)(5)** The employee is required to contribute an additional \$100 each month for medical
23 coverage under the Group Benefits Package to enroll a spouse or same-gender domestic partner
24 if the spouse or same-gender domestic partner is eligible for medical coverage under another
25 employer-sponsored plan and waives such coverage. This \$100 contribution will not be
26 required for a spouse or same-gender domestic partner who waived coverage under another
27 employer-sponsored plan prior to eligibility for medical coverage under the Group Benefits
28 Package, provided the spouse or same-gender domestic partner enrolls at the other plan's next
29 enrollment period or, if earlier, at an enrollment date allowed by the other plan.
30

31 **16.2(b)(6)** The Company will pay the full cost of the TRICARE Supplement Plan for retired
32 military employees and their eligible dependents. Election of the TRICARE Supplement Plan is
33 in lieu of other medical plans that are available in the employee's region.
34

35 **16.2(c) Dental Benefits.** The Company will pay the full cost of the Preferred Dental Plan, the
36 Scheduled Dental Plan or Prepaid Dental Plan.
37

38 **Section 16.3 Type of Retiree Medical Plan.** The Company will continue until June 30, 2006, the
39 Retiree Medical Plan agreed to in the collective bargaining agreement of December 2, 2002, between the
40 Company and the Union. Thereafter, for employees who are hired prior to January 1, 2007 and covered
41 on or after January 1, 2007, the Company will provide for the duration of this Agreement the medical
42 benefits for eligible retired employees and for covered dependents of eligible retired employees as
43 summarized in the document entitled Attachment B, effective July 1, 2006, or on such later date when
44 specifically stated therein and subject to all of the terms and conditions contained in or referred to in such
45 Attachment B. The Company will also provide employees hired prior to January 1, 2007, access to the
46 Medicare Supplement Plan.
47

48 **Section 16.4 Cost of the Retiree Medical Plan.** The Company will share the cost of medical coverage
49 for current and future eligible retired employees, as follows:
50

51 **16.4(a)** Effective July 1, 2003, Company and retired employee contributions will be as follows:
52

53 For any coordinated care/health maintenance organization plan coverage or the TRICARE
54 Supplement Plan, retired employees will contribute \$10 for a retired employee only, \$20 for a retired
55 employee and spouse, \$20 for a retired employee and child(ren), or \$30 for a retired employee and
56 family. For Traditional Medical Plan coverage, retired employees will contribute \$20 for a retired

employee only, \$40 for a retired employee and spouse, \$40 for a retired employee and child(ren), or \$60 for a retired employee and family. The Company will pay the cost of each plan in excess of the amount contributed by retired employees.

16.4(b) For employees who are hired from January 1, 1993 through December 30, 2006, the Company contributions are limited to three and one-third percent of the cost of the coordinated care/health maintenance organization plan, Traditional Medical Plan, or TRICARE Supplement Plan the retired employee chooses per year of service for the duration of the Agreement. Retired employees pay the difference (the cost of the plan minus the Company contributions). However, all covered retired employees must make contributions not less than the amount specified in 16.4(a).

16.4(c) The retired employee is required to contribute an additional \$10.0 each month to enroll a spouse in the Retiree Medical Plan if the spouse is eligible for medical coverage under another employer-sponsored plan as an active employee and waives such coverage.

16.4(d) Company contributions will be made only for an eligible retired employee who is receiving benefits or is deferring receipt of benefit payments from The Boeing Company Employee Retirement Plan provided the employee meets the eligibility requirements of the Retiree Medical Plan and either authorizes deduction of the balance of plan rates, if any, from his or her retirement check or agrees to make timely self-payments for such coverage. Such Company contribution will continue for an eligible retired employee or eligible spouse reduced by retired employee contributions required under 16.4(a) and 16.4(b) and the spouse contribution in 16.4(c), if any, until such eligible person attains 65 years of age or is earlier eligible for Medicare, and for a dependent child, until such dependent child is no longer an eligible dependent or earlier qualifies for Medicare.

Section 16.5 Details and Method of Coverage. The benefits summarized in the Group Benefits Package and the Retiree Medical Plan shall be procured by the Company under contracts and/or administrative agreements with insurance companies, health care contractors, or administrative agents which will be in the form customarily written by such carriers and administrative agents, and the Group Benefits Package and Retiree Medical Plan shall be subject to the terms and conditions of such contracts and/or administrative agreements, consistent with the summary in the Group Benefits Package or Retiree Medical Plan.

Such contracts and/or administrative agreements will require the administrative agents to develop various programs and procedures designed to contain costs based on those portions of the Group Benefits Package and the Retiree Medical Plan which contain the requirement that charges are covered only on the basis of medical necessity. Such cost containment programs or procedures may be utilized to determine the medical necessity of the treatment itself, the appropriateness of the services provided, the place of treatment or the duration of treatment. The administrative agents and the Company will announce each such program or procedure before it is required or available to the affected employees or retirees. Any such cost containment program or procedure will not operate to reduce or deny the benefit properly due under the Plans to any covered person or to shift the costs covered under the Plans to the covered person.

The failure of an insurance company, health care contractor, or administrative agent to provide any of the benefits for which it has contracted shall result in no liability to the Company; nor shall such failure be considered a breach by the Company of the obligations that it has undertaken by this Agreement. However, in the event of any such failure, the Company shall immediately evaluate the need to replace the services of such insurance company, health care contractor, or administrative agent.

Section 16.6 Administration. The Group Benefits Package and the Retiree Medical Plan shall be administered by the insurance companies, health care contractors, or administrative agents with whom the Company enters into contractual relationships for the purpose of providing and/or administering the coverage contemplated by the Group Benefits Package or the Retiree Medical Plan and no question or issue arising under the administration of such Group Benefits Package or the Retiree Medical Plan or the contracts and/or administrative agreements identified therewith shall be subject to the grievance and arbitration procedures of Article 3 of this Agreement.

Section 16.7 Copies of Policies to Be Furnished to Union. Copies of the policies, contracts, and administrative agreements executed pursuant to this Article 16 shall be furnished to the Union and the coverages and benefits indicated in the Group Benefits Package or the Retiree Medical Plan, the rights of eligible employees in respect of such coverages, and the settlement of all claims arising out of such coverages shall be in accordance with the provisions, terms, and rules set forth in such contracts.

Section 16.8 Federal or State Packages. If during the term of this Agreement there is mandated by federal or state government a program that affords to employees and/or retirees covered by this Agreement similar benefits (such as but not limited to medical benefits and dental benefits) to those that are afforded by this Agreement, benefits afforded by this Agreement will be replaced by such federal or state program. The Company will comply with the provisions for the furnishing of such program to the extent required by law. No question or issue regarding the level of benefits under the state or federal program will be subject to the grievance and arbitration procedures of Article 3 of this Agreement.

ARTICLE 17 RETIREMENT PLAN

Section 17.1 Continuation of Plan. Subject to the continuing approval of the Commissioner of Internal Revenue and of other cognizant governmental authorities, as more particularly hereinafter specified, and to the provisions of 17.5, a Retirement Plan (hereinafter called the Plan) in the form now in effect as to the employees within the units to which this Agreement relates shall continue to be effective while this Agreement is in effect as to such employees in accordance with and subject to the terms, conditions, and limitations of the Plan.

Section 17.2 Approval of Plan. Approval of the Plan by the Commissioner of Internal Revenue as referred to in 17.1 means a continuing approval sufficient to establish that the Plan and related trust(s) are at all times qualified and exempt from income tax under Section 401(a) and other applicable provisions of the Internal Revenue Code of 1986, and that contributions made by the Company under the Plan are deductible for income tax purposes in accordance with law. The cognizant governmental authorities referred to in 17.1 include, without limitation, the Department of Labor, the Pension Benefit Guaranty Corporation and the Securities and Exchange Commission, and their approval means their confirmation with respect to any matter within their regulatory authority that the Plan does not conflict with applicable law.

Section 17.3 Continuation Beyond Agreement. The Company shall not be precluded from continuing the Plan in effect as to employees within the units to which this Agreement relates after expiration or termination of this Agreement, subject to the terms, conditions, and limitations of the Plan.

Section 17.4 Grievances as to the Plan. Only questions concerning the amount of Credited Service under the Plan that an employee has accumulated by reason of employment after the effective date of the Plan shall be subject to the grievance and arbitration procedure of Article 3.

Section 17.5 Changes to the Current Plan. Subject to action by the Company's Board of Directors (or its delegate) and to the approvals specified in 17.2, as well as any changes required by applicable law, all provisions of The Boeing Company Employee Retirement Plan applicable to employees covered by this agreement are to remain unchanged with the exception of the following amendments:

Basic Benefit. The Basic benefit will be increased to \$70 per month for all years of Credited Service for Employees on the active Payroll of the Company on or after January 1, 2006 (including those who retire from the employ of the Company on January 1, 2006).

Section 17.6 Administration of the Retirement Plan. The Company shall have the right to unilaterally make any changes in actuarial assumptions and funding methods, provided such changes are determined by the Plan's enrolled actuary to be reasonable in the aggregate. The Company shall be entitled to unilaterally adopt such amendments to the Plan as may be required in order to obtain any approval referred to in 17.1 and described in 17.2 of the Agreement.

ARTICLE 18 NON-DISCRIMINATION

Section 18.1 Non-Discrimination. All terms and conditions of employment included in this Agreement shall be administered and applied without regard to race, color, religion, national origin, status as a disabled or Vietnam era veteran, age, sex, marital status, sexual orientation, or the presence of a disability, except in those instances where age, sex or the absence of a disability may constitute a bona fide occupational qualification.

Administration and application of the Agreement that is not in contravention of federal or state law shall not be considered discrimination under this Article.

Section 18.2 Non-Discrimination Grievances. Notwithstanding any other provision of Article 3, a grievance alleging a violation of this Article 18 shall be subject to the grievance and arbitration procedure of Article 3 only if it is filed on behalf of and pertains to a single employee. Class grievances under this Article 18 shall not be subject to the grievance and arbitration procedure under this Agreement.

ARTICLE 19 SEPARABILITY

Section 19.1 Separability. Should any part hereof or any provision herein contained be rendered or declared invalid by reason of any existing or subsequently enacted legislation or by any decree by a court of competent jurisdiction, such invalidation of any such part or portion of this Agreement shall not invalidate the remaining portions hereof and they shall remain in full force and effect.

ARTICLE 20 ED WELLS PARTNERSHIP A JOINT SPEEA/BOEING INITIATIVE

Section 20.1 Mission. The Company, the Union, and SPEEA-represented employees agree working together for their mutual benefit helps maintain competitiveness and technical excellence and creates a model for union/management collaboration to make Boeing a workplace of choice.

The Ed Wells Partnership develops and offers a suite of products and services to the technical workforce for the benefit of all stakeholders.

The Ed Wells Partnership will seek to develop and implement initiatives approved by the Joint Policy Board to achieve the following goals: Effective partnership; a skilled, motivated, productive and stable workforce; employability; lifelong learning; knowledge retention and sharing; and career development.

Section 20.2 Joint Policy Board. A Joint Policy Board will be established, comprised of an equal number of representatives of each party. The Board shall have responsibility for (1) providing the overall direction of the Ed Wells Partnership; (2) acting on the recommendations of the Joint Administrative Staff and providing oversight to the staff; and (3) determining the expenditure of funds provided to cover Ed Wells Partnership activities. The Board shall meet as required, but in no event less than quarterly.

Section 20.3 Joint Administrative Staff. The Company and the Union will appoint co-directors, who will assume responsibility for directing the Ed Wells Partnership activities. A Joint Administrative Staff shall be authorized by the Joint Policy Board and selected and managed by the co-directors within the budget as authorized by the Joint Policy Board.

Section 20.4 Meetings.

20.4(a) In order to meet its goals and aims, the Union must be able to speak confidently and authoritatively for its bargaining unit membership. Therefore, time will be allowed during the first

1 week of employment for new hires into the bargaining unit to meet with a Union representative and
2 learn about the Union's role in the Ed Wells Partnership, and by allowing regular quarterly meetings
3 (up to two hours) of all Council Representatives on work time to discuss the issues facing the
4 Partnership. The Joint Policy Board may authorize additional Council Representative participation in
5 approved activities.

6
7 **20.4(b)** To ensure open communication, Union leaders will meet periodically with Company leaders
8 of engineering and technical functions for the geographical areas covered by this Agreement. The
9 purpose of such meetings will be to review the activities of the Ed Wells Partnership and its progress
10 toward meeting the goals identified in 20.1, above. Additionally, the parties agree that high level
11 meetings for the geographical areas covered by this Agreement will be held no less than twice
12 annually to review the activities of the Ed Wells Partnership. Either party may suggest meetings with
13 the Company's Office of the Chairman or others as appropriate and mutually agreed-upon.

14
15 **Section 20.5 Funding.** Each party shall be responsible for the salaries of its representatives on the joint
16 Policy Board; expenses of Board members may be covered by the fund where the expense was authorized
17 by the Board (whenever possible, such expenses will be authorized in advance of expenditure). The
18 Company will commit a minimum of \$6.0 million (covering all Boeing SPEEA represented bargaining
19 units participating in the Ed Wells Partnership, including the Wichita Professional Unit) in each year in
20 support of the Ed Wells Partnership for the activities directed by the Joint Policy Board, to include
21 facilities, administration, publicity, equipment, materials, and such other expenses as may be agreed to by
22 the Joint Policy Board. In addition, work statement changes for the mutual benefit of the technical
23 workforce and the Company may be allocated additional funds as deemed necessary by the Joint Policy
24 Board, subject to approval of appropriate Company stakeholders.

25
26 **Section 20.6 Retention Ratings and Salary Adjustments.** For a maximum of two years of employment,
27 bargaining unit employees appointed to work at the Ed Wells Partnership will (a) retain the same
28 retention rating held prior to entering the Ed Wells Partnership, unless management assigns the employee
29 a higher retention rating, and (b) receive annual salary increases that are, at a minimum, equivalent to the
30 negotiated salary pool for the period of such employment.

31
32 **Section 20.7 Disputes.** Disputes concerning any aspect of this Article shall be referred to the Joint Policy
33 Board for resolution. No matter involving the Ed Wells Partnership, or any provision of this Article will
34 be subject to the grievance and arbitration procedure of Article 3.

35 36 37 38 **ARTICLE 21** 39 **LAYOFF BENEFITS**

40 **Section 21.1 Establishment of Plan.** The Company will establish a Layoff Benefit Plan to provide for
41 lump sum or income continuation benefits as set forth in this Article. Such Plan will apply to employees
42 who are laid off with an effective date on or after December 2, 1999.

43
44 **Section 21.2 Eligibility.** All bargaining unit employees who have at least one year of Company
45 service and who are involuntarily laid off from the Company (including such employees who
46 accelerate their layoff dates and employees laid off because of declining an offer for less than equivalent
47 employment as defined by Company policy) are eligible to receive the benefit described in 21.3;
48 provided, however, the following employees shall not be eligible for the benefit: employees who
49 volunteer for layoff; employees who upon their layoff become employed by a subsidiary or affiliate
50 of the Company; employees who are laid off from the Company because of a merger, sale or similar
51 transfer of assets and are offered employment with the new employer; employees who are laid off
52 because of an act of God, natural disaster or national emergency; employees who are laid off because
53 of a strike, picketing of the Company's premises, work stoppage or any similar action which would
54 interrupt or interfere with any operation of the Company; and employees who terminate employment
55 for any reason other than layoff, including, but not limited to, resignation, dismissal, retirement, death, or
56 leave of absence.

Section 21.3 Amount and Payment of Benefit. An eligible employee's total lump sum or income continuation benefit shall equal one week of pay based on the employee's base salary at the time of layoff (but excluding any shift differentials or other premiums) for each full year of Company service as of the employee's layoff date, subject to a maximum benefit of 26 weeks of pay. Eligible employees may elect either of the following:

21.3(a) Benefits will be paid as a lump sum following the effective date of layoff. Employees who elect this option will have priority consideration recall rights under Article 8 canceled.

21.3(a)(1) Income continuation benefits will be paid in 80 hour increments, subject to an employee's total benefit, on regular paydays beginning with the second payday following the effective date of layoff. Income continuation benefits shall immediately cease upon the earlier of any of the following events: exhaustion of the employee's total income continuation benefit; re-employment with the Company or any of its subsidiaries or affiliates; failure to accept a formal offer of recall from layoff within ten workdays after it is extended or by such later date as may be stipulated by the Company; failure to report to work on the date designated by the Company; or change in the employee's employment status from layoff to resignation, dismissal, retirement, death, or leave of absence.

21.3(a)(2) Subject to continuation of the Plan, no employee shall be paid lump sum or income continuation benefits more than once during any three-year period; provided, however, if an employee is re-employed by the Company before payment of the employee's total income continuation benefit and is subsequently laid off in such three-year period under conditions which make the employee eligible for a benefit, any unused benefit will be payable to the employee under the procedures established by this Article.

Section 21.4 Benefit Not Applicable for Other Purposes. Periods for which an employee receives income continuation benefits shall not be considered as compensation or service under any employee benefit plan or program and shall not be counted toward Company service. Benefits under this Article may not be deferred into the Voluntary Investment Plan.

Section 21.5 Continuation of Medical and Dental Coverage. In the event of layoff, medical and dental coverage for employees and dependents will continue until the employee is covered by any other group medical or dental plan either as an employee or as a dependent, but in no event beyond three months after the date of layoff. However, if the layoff occurs during or after a leave of absence, the maximum total period of continued coverage is thirty (30) months in the case of medical leave or twenty-four (24) months in the case of non-medical leave, measured from the end of the month in which the leave of absence began, irrespective of the date of termination. Required contributions, if any, must be paid during any period of such continuation of coverage.

ARTICLE 22 JOB CLASSIFICATIONS

Section 22.1 Authorized Job Classifications. Each job classification listed in Article 11, Table 1 shall, for the period of this Agreement, remain in effect, subject to revisions as provided in 22.4, unless made inactive by mutual agreement of the Union and the Company.

Section 22.2 Definition of Job Classification. A job classification is defined by occupation, job family, and level codes as identified within the Company's Salaried Job Classification (SJC) system.

Section 22.3 Application and Intent of Job Descriptions.

22.3(a) Occupations are the broadest categories of work. Job families describe the organization of tasks. Level guides identify the various levels of responsibility within the job family. Each job classification is linked to Skills Management Codes (SMCs) within the SJC system. SMCs identify unique knowledge, skills, abilities, and environments within the job family.

1 **22.3(b)** Each occupation code, job family code, level guide, and SMC is defined by a unique
2 description as identified within the SJC system.

3
4 **22.3(c)** An employee may perform some of the work of a higher level and/or some of the work of
5 a lower level in the performance of the work assignment. It is not anticipated that any employee will
6 perform all the duties set forth in the job description. Any work assignment may include:

7
8 **22.3(c)(1)** Teaching, instructing, leading or providing assistance to others.

9
10 **22.3(c)(2)** The use of equipment to facilitate the work assignment.

11
12 **22.3(c)(3)** The submission of completed work or any portion thereof for checking or
13 approval.

14
15 **22.3(c)(4)** The reporting of any work impairment such as errors in materials, processes,
16 equipment, etc.

17
18 **Section 22.4 New or Revised Job Family, Level Guides, and SMC Descriptions.** If, after the effective
19 date of this Agreement, the Company or the Union determines that no existing job family, level guide, or
20 SMC description appropriately covers a new or reorganized work assignment, either party may initiate
21 a request for evaluation and review through the established SJC Maintenance Process. The Union will
22 participate as a voting member on the Company's SJC team in the identification, evaluation, and review
23 of all proposed changes to job family descriptions and level guides for SJC job classifications listed in
24 Article 11, Table I, and their associated SMC descriptions. The Company will implement changes (1) by
25 revising or deleting an existing job family, level guide, and/or SMC description; or (2) by developing
26 a new job classification code, with supporting descriptions, which will be incorporated into Article 11,
27 Table I through the issuance of an installation memo; or (3) the Company will establish a temporary job
28 classification and/or SMC in accordance with 22.4(b).

29
30 **22.4(a) Union Challenges of Level(s) for New or Revised Job Level Guide.** In the event the Union
31 disagrees with the number or description of level(s) of a new or revised job level guide, it must,
32 within thirty (30) calendar days from the date the new or revised level guide is forwarded by the
33 Company, challenge the level, setting forth in writing the reasons why the Union disagrees.
34 Otherwise, the level guide as determined by the Company will stand.

35
36 **22.4(a)(1)** If the Union challenges a new or revised level guide, the Company's Director of
37 Compensation and Benefits, and his/her appointees, and Union representatives shall meet within
38 forty-five (45) calendar days of the request for the purpose of attempting to reach agreement as
39 to the appropriate level guide. Disagreements between the Union and the Company shall be
40 resolved exclusively on the basis of the level guide assigned as a result of the Company's
41 application of 22.4. A Union challenge shall in no way prevent or delay the Company from
42 assigning personnel to the job classification involved in the challenge.

43
44 **22.4(a)(2)** If the Union challenges a new or revised level as submitted by the Company, and it is
45 determined that the level is not correct, the Company will pay each employee involved at a rate
46 that is within the range of the corrected level, for the time in which the employee has performed
47 the duties of the corrected level.

48
49 **22.4(b) Temporary Job Family, Level, or SMC.** A temporary job family, level, or SMC may be
50 established by the Company for new or revised work for which no current job family, level, or SMC
51 is applicable and which requires a period of time to stabilize job duties. This period will not exceed
52 ninety (90) days unless extended by mutual agreement. The Union will be notified of the effective
53 date and approximate duration. Employees will be assigned to such new work at not less than their
54 current levels until the job family and level is made permanent. If the temporary job family code or
55 level is made permanent at a higher level than the levels of the assigned employees, these employees
56 will be paid within the range of the higher level for the time assigned to the work covered by the

permanent job family or level. Effective upon and after the Company's determination that a temporary job family and/or level has become permanent, the provisions of 22.4 shall apply.

Section 22.5 Individual Employee's Job Classification.

22.5(a) It is a mutual objective of the Union and the Company that the job classification of each employee be an accurate and timely reflection of the work assigned and the demonstrated capabilities of the employee. However, the Company shall retain the exclusive right to reassign employees as necessary to meet work requirements, and employees shall comply with such reassignments notwithstanding the employees' job classifications of record at the time. If the Company determines, by reference to the applicable job family description, that an employee's level is higher than is appropriate for the work to which the employee is assigned, the Company may permit the employee to continue in the same assignment without reclassification for whatever period of time the Company elects; or the Company may add to the employee's current assignment or reassign the employee to other work for which the employee's level is appropriate.

22.5(b) Because an employee may be assigned work at a level lower than the employee's current level without being reclassified to the lower level, the levels of work assignments of individuals other than the employee shall not be introduced or regarded as pertinent evidence for the purposes of 3.6(a), unless by mutual agreement of the parties.

22.5(c) Employees may be reclassified to a higher level irrespective of their assigned retention rating.

22.5(d) Challenges Concerning Individual Employee's Job Family, Level, or SMC. An individual employee may request a review of his or her job classification or level based on the contention the work assigned by the Company differs from the job classification or SMC to the extent and in such a manner as to warrant reclassifying the employee to a different existing job classification or skills management code. Employees will attempt to resolve classification first by discussion with first-line management. In the absence of a resolution mutually agreeable to both management and the employee, the following steps will be utilized in the review process:

22.5(d)(1) If the employee contends that a classification or level issue still exists, he or she along with his or her Union Representative will notify the Skill Team Manager to request a review.

22.5(d)(2) The Skill Team Manager will meet with the employee and the Union Representative to fully discuss the employee's issue in an effort to reach mutual resolution.

22.5(d)(3) If the employee and Union Representative do not agree with the Skill Team decision, the Skill Team Manager, the appropriate Human Resources Representative and the Union Representative will meet to resolve the matter by a majority decision.

22.5(d)(4) Short-term variations will from time to time occur in the amounts and types of work assigned to any activity, project, program or organization. Such variations, including, but not limited to, work assignment adjustments made necessary by vacations and other employee absences, are recognized by the Union and the Company as conditions which justify the short-term assignment of employees to work that is different than the employees' current job family classification or level. Accordingly, individual job family classification or level challenges acceptable under the provisions of this Article 22 are limited to assignments of not less than thirty (30) continuous calendar days.

22.5(d)(5) If, subsequent to the processing of a challenge in accordance with 22.5(d), it is determined by the Company through the challenge that an existing higher level is appropriate, the Company will classify the employee and pay the employee at a rate that is within the range of the appropriate level for the time the employee has performed the work at the higher level subsequent to the date on which the notification required by 22.5(d)(1) was received by the Company and within thirty calendar days prior to that date.

Section 22.6 Reclassification to a Lower Level. The Company may in its discretion alter employee work assignments or reassign employees to lower-level bargaining unit work for which the Company deems they are qualified. In these cases, the employee shall retain their SJC level and will not be reclassified to a lower level. Reclassifications to lower levels may be made as a result of an employee's documented unacceptable performance.

Section 22.7 The provisions of 22.4, 22.5, and 22.6 are not subject to the grievance and arbitration procedures of Article 3.

ARTICLE 23 DURATION

Section 23.1 Duration.

23.1(a) This Agreement shall become effective December 2, 2005, and shall remain in full force and effect until the close of December 1, 2008, and shall be automatically renewed for consecutive periods of one year thereafter, unless either party shall notify the other in writing, at least sixty days and not more than ninety days prior to December 1 of any calendar year, beginning with 2008, of its desire either (1) to amend this Agreement, or (2) to terminate this Agreement as of a date stated in such notice to terminate, which date shall be subsequent to such December 1 provided that, in any event, this Agreement shall expire at the close of December 1, 2013.

23.1(b) If either a notice to amend or a notice to terminate is timely given pursuant to 23.1(a), the parties agree to meet within thirty days thereafter for the purpose of negotiating an amendment to this Agreement or a new contract.

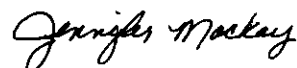
23.1(c) If a notice to amend is timely given pursuant to (1) of 23.1(a), either party may at any time thereafter notify the other in writing of its desire to terminate this Agreement as of a date stated in such notice to terminate, which date shall be subsequent to December 1 of the year in which such notice to amend is timely given and at least sixty days subsequent to the giving of such notice to terminate.

23.1(d) This Agreement and any amendment thereof pursuant to this Article shall continue in full force and effect until either (1) a new contract superseding it is consummated, (2) it is terminated by a notice to terminate timely given pursuant to clause (2) of 23.1(a) or 23.1(c), or (3) it expires, whichever shall first occur.

Signed at Seattle, Washington and dated this 21st day of March, 2006.

**Society of Professional Engineering
Employees in Aerospace**

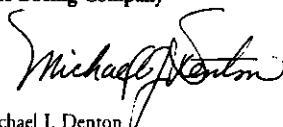
By



Jennifer MacKay
President

The Boeing Company

By



Michael J. Denton
Vice President of Engineering, BCA

LETTER OF UNDERSTANDING RELATING TO SEX CRIMES

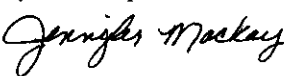
The Company and the Union recognize (1) the growing awareness and abhorrence in our society of sex crimes victimizing children, and (2) the deleterious effect the presence in the work force of perpetrators of such crimes would have on the efficiency and morale of professional/engineering and technical employees of the Company and on the reputation of the Company and its products. The parties therefore agree as follows:

1. Any discipline or discharge of a Union-represented employee who has committed a sex crime victimizing a child or children shall be deemed to be for "just cause" and shall not be subject to the grievance and arbitration provisions of the parties' collective bargaining agreements or to any other challenge or proceeding by the Union.
2. For purposes of this Letter of Understanding, the term "sex crime victimizing a child or children" includes rape, sexual assault, statutory rape, incest, child molestation, child pornography, public indecency, indecent exposure, indecent liberties, communications with a minor for immoral purposes, promoting prostitution, and similar crimes as defined in the jurisdiction in which the offense is committed, where the victim of said crime(s) is under the age of 18 years at the time of the commission of the crime(s). An employee shall be considered to have committed such a crime if the employee is convicted of the crime, or if the employee pleads guilty or nolo contendere to the crime, or if the employee enters a special supervision program pursuant to a deferred prosecution arrangement relating to the crime.
3. The provisions of this Letter of Understanding shall not be deemed to define "just cause" or to affect the grievance and arbitration provisions in any other respect whatsoever, nor shall it be introduced or relied upon in any arbitration or other proceeding involving the parties which does not deal with the discipline or discharge of an employee who has committed a sex crime victimizing a child or children.

Dated December 2, 2005

**Society of Professional Engineering
Employees in Aerospace**

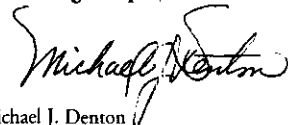
By



Jennifer MacKay
President

The Boeing Company

By



Michael J. Denton
Vice President of Engineering, BCA

LETTER OF UNDERSTANDING RELATING TO CHILD/ELDER CARE AND CHILD DEVELOPMENT PROGRAMS

The Company will continue a comprehensive Child and Elder Care program. The program consists of referrals of employees to licensed care facilities, consultation with employees to determine individual needs, and providing educational materials and programs.

The Company is developing people strategies to support individuals in the work force and retain valuable employees with the end goal to make the Company more competitive. These strategies recognize that employee concerns about child care can affect an individual's productivity and work focus. To support these strategies, the Company has implemented a Child Development Program to build on other Company programs which support employees and their families.

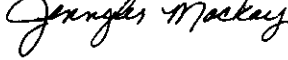
As one element of the program, the Company has, in coordination with the Union, established two near-site day care centers (Everett and Renton/Longacres). The day care centers are operated by a third-party with fees charged to participating employees geared at an operations break even level.

Additional components of the Company's Child Development Program include providing leadership to help improve the quality and availability of child care in communities where employees live and enhancing child care referral services through the existing Child and Elder Care referral program. Consideration will be given to adding other elements, such as collaboration by the referral program with day care providers and parents on evaluation of facilities and day care curriculum, assistance in extended/alternate hours, and assistance dealing with specific day care needs.


Finally, in an effort to assist employees' work-related needs, the Company and the Union agree to meet at least quarterly (if requested) to exchange concerns related to dependent care issues, including but not limited to issues arising due to employee movement to new or relocated Company facilities.

Dated December 2, 2005

**Society of Professional Engineering
Employees in Aerospace**

By 
Jennifer MacKay
President

The Boeing Company

By 
Michael J. Denton
Vice President of Engineering, BCA

Attachment 3

**LETTER OF UNDERSTANDING
RELATING TO JOINT COMPANY-UNION
DRUG AND ALCOHOL DEPENDENCY PROGRAM**

The Company and the Union agree to continue the Joint Alcohol and Drug Dependency Program as an integral part of the Company's drug- and alcohol-free workplace objectives. As part of that program, the parties agree to continue a Joint Advisory Committee to:

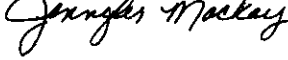
- Review the drug and alcohol segments of the Employee Assistance Program on a regular basis, and
- Make recommendations on enhancing the effectiveness of those segments.

This advisory committee will be composed of two (2) Company representatives (including the Employee Assistance Program Administrator) and two (2) Union officials.

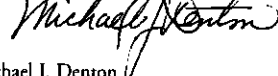
The parties further agree that their activities in support of Alcoholics Anonymous have been successful and that those activities will include other self-help groups, such as Narcotics Anonymous and Cocaine Anonymous. In addition to the current support provided, the Company and the Union will publicize the efforts of these self-help groups.

Dated December 2, 2005

**Society of Professional Engineering
Employees in Aerospace**

By 
Jennifer MacKay
President

The Boeing Company

By 
Michael J. Denton
Vice President of Engineering, BCA

**LETTER OF UNDERSTANDING
RELATING TO DRUG AND ALCOHOL FREE WORKPLACE PROGRAM**

The Company and the Union enter this Letter of Understanding to address the serious societal problem of drug and alcohol use and abuse. The Company and the Union affirm their joint objective to achieve a drug and alcohol free workplace while complying with applicable government laws and regulations. To that end, the parties agree to a drug and alcohol free workplace program with these principal components: a comprehensive employee assistance program emphasizing rehabilitation; employee awareness; training; and testing.

A. Employee Assistance Program

1. The Company will continue to provide a comprehensive Employee Assistance Program (EAP). One of the major purposes of the program is to rehabilitate employees experiencing drug and alcohol problems through a professional assessment and referral service with follow-up counseling. The service will be provided by trained, professional counselors employed by an EAP company under contract with Boeing.
2. Voluntary participation in the EAP may occur through referral (self, union, management, others). These employees will have their treatment monitored by the EAP and be subject to follow-up counseling and testing by the treatment provider.
3. Mandatory participation in the EAP will be offered as an alternative to discharge to employees who have (a) had a discharge for attendance or performance problems held in abeyance, or (b) a verified positive drug or alcohol test administered by the Company. *Mandatory participants will be subject to the terms and conditions of the "Compliance Notification Memo" (attached hereto). Violation of any of the terms of the Compliance Notification Memo normally will result in discharge from employment.*

B. Employee Awareness

1. The Company will continue its drug and alcohol awareness program designed to keep employees informed of the drug and alcohol free workplace program, including opportunities for rehabilitation through the EAP, the dangers of drug and alcohol use and abuse, and drug and alcohol testing.
2. The awareness program will disseminate the information through pamphlets, news articles, mailouts, video tapes, the Boeing Web, and other media.

C. Training

1. The Company will maintain a drug- and alcohol-free workplace training program for its managers, medical professionals, and other selected employees. *The training will be designed to:*
 - a. Identify the extent and impact of drug and alcohol use.
 - b. Describe the principal federal legislation and regulations for a drug and alcohol free workplace.
 - c. Identify the Company rules pertaining to drugs and alcohol and the appropriate action to be taken upon violation.
 - d. *Identify the principal components of the Drug and Alcohol Free Workplace Program (rehabilitation, awareness, training, and testing).*

- e. Explain the Employee Assistance Program, opportunities for rehabilitation, and the consequences of rehabilitation failure.
 - f. Explain the facts of drug and alcohol testing accuracy and procedures, such as the chain of custody.
 - g. Enable participants to effectively apply observed and documented performance criteria and appropriate procedures in referring the employee to the Employee Assistance Program.
 - h. Enable participants to effectively apply observed and documented criteria typically indicative of drug or alcohol use and apply appropriate reasonable suspicion testing guidelines in referring employees to Medical for medical observation and possible testing.
 - i. Enable participants to apply appropriate post-accident testing guidelines in referring employees for testing.
2. The training will not be designed to teach participants to be substance abuse experts or professional counselors.
 3. Union selected individuals, including but not limited to the Union's Executive Board, Council Representatives, and staff members, will be invited to participate in training. Once a year the Union will provide the Company with a list of those persons to be trained.
 4. Whenever practicable, Union selected individuals and Company managers will be trained together.

D. Drug and Alcohol Testing

1. The Company will implement a drug and alcohol testing program designed to deter misuse and abuse and to provide a means for early identification, referral for treatment, and rehabilitation of employees with abuse problems, as outlined below.
2. The Company will at all times comply with its policy and procedures and with applicable government laws and regulations designed to safeguard the accuracy and reliability of drug and alcohol testing and to protect the confidentiality of those tested. Specifically, the Company will follow applicable regulations (49 C.F.R. Part 40, "Procedures for Transportation Workplace Drug and Alcohol Testing Programs"). For drug testing, these cover:
 - a. Collection procedures, including strict chain of custody to prevent mislabeling or alteration of urine samples and to account for the integrity of each sample from the point of collection to final disposition;
 - b. Use of a United States government certified laboratory with state-of-the-art testing methodologies, including confirmation testing using gas chromatography-mass spectrometry instrumentation;
 - c. Testing only for substances required by the regulations and for which the laboratory has been certified by the United States government, using government-mandated cutoff and confirmation levels; conducting validity testing to determine if the specimen has been adulterated or substituted;
 - d. Undertaking a quality assurance and quality control program designed further to ensure laboratory testing accuracy;

- e. Periodic inspections of the laboratory;
 - f. Employment of qualified medical review officers (MRO) who are licensed physicians with knowledge of substance abuse disorders and with the medical training to interpret and evaluate a positive test result, medical history, and other relevant data for the purpose of verifying positive results, determining adulteration or substitution, and making return-to-work recommendations;
 - g. Giving the employee an opportunity to provide a legitimate, alternative medical explanation for the result. Should such an explanation be provided, the test result will be reported as negative;
 - h. Advising the employee of the opportunity to request analysis of the split sample within 72 hours of being notified of a positive result. The Company will reimburse the employee for said expense if the retest result is negative. Portions of the original specimen not subjected to the testing process will be placed in proper storage and retained by the laboratories in case subsequent testing is requested or required.
 - i. Ensuring confidentiality of test results, of information provided by the employee to the MRO, and of employee participation in the EAP in accordance with existing Company policy and the federal regulations; and
 - j. Retaining all confirmed positive specimens at the laboratory for at least one (1) year in accordance with the federal regulations.
3. Alcohol testing will be conducted using breath samples. The instrument shall be approved by the Department of Transportation as an evidentiary breath testing device and used only by trained operators (Breath Alcohol Technicians). For alcohol testing, levels at or above .02 percent blood alcohol content will be considered positive (see para. 10).
4. The Company will conduct employee testing under the following circumstances:
- a. Reasonable suspicion drug and alcohol testing covering all employees. "Reasonable suspicion" means there is information that would cause a reasonable person to believe that an employee has used or is impaired by alcohol or drugs. The Company will use the following standards to determine when testing may be appropriate: signs of impairment, such as difficulty in maintaining balance, distinct odor of drugs and/or alcohol, slurred speech, abnormal or erratic behavior, or apparent inability to do assigned work in a safe or satisfactory manner.

In addition, the Company will require that all information relied upon to initiate a reasonable suspicion test be documented prior to testing; that two designated individuals (at least one of whom has been trained as referenced in paragraph C.1) agree that testing is appropriate and sign required documentation; and that a trained medical professional examine the employee to determine if there is a medical condition requiring emergent medical care. In the event a Company location does not have a staffed medical facility when the employee is escorted for review, a trained manager will determine whether the employee should be escorted to an off-premises medical facility for the required evaluation.

- b. Post-accident drug and alcohol testing or testing following a serious violation of a safety rule or standard, covering all employees. An employee may be tested when a work-related incident has occurred involving death, serious bodily injury or significant property/environmental damage, or the potential for death, serious injury, or significant damage, and when the employee's actions(s) or inaction(s) either contributed to the incident or cannot be completely discounted as a contributing factor.

- c. Random drug and alcohol testing of designated employees as expressly required by United States government agencies. The Company will use neutral selection criteria to determine which of the designated employees will be tested. The Company will comply with random testing standards set forth in applicable government agency regulations.
 - d. Follow-up drug and alcohol testing of all employees who (1) have a first-time verified positive drug or alcohol test, or (2) have a discharge for performance or attendance problems held in abeyance.
 - e. Pre-assignment drug testing of employees selected to transfer into or otherwise perform in a position designated for random drug testing, where pre-assignment testing is expressly required by United States government agencies.
5. Refusal to (a) take a test following adequate explanation of the consequences of refusal, (b) accept EAP referral subsequent to a positive drug or alcohol test, (c) when required, accept EAP treatment recommendations, or (d) accept the terms and conditions of the Compliance Notification Memo shall result in corrective action, up to and including termination of employment. Failure to appear immediately for testing, or refusing to take a test, will be considered the same as a positive result.
 6. For reasonable suspicion and post-accident testing only, the employee has the right to request the presence of a Union Representative at the collection site. The Union Representative shall not in any way interfere with or otherwise obstruct the collection process. The parties agree that the collection may be delayed a reasonable period, not to exceed thirty (30) minutes, to await the arrival of the Union Representative. The thirty (30) minute period will commence when the Union, to include a Union Representative, is notified.
 7. Consequences of a Positive Test Result
 - a. No employee will be discharged because of a first verified positive test result except pursuant to D.4.d(2) above. Instead, the employee will be required to submit to EAP evaluation and, if recommended, will have a one-time opportunity to enter a treatment program. Such employees remain subject to corrective action, up to and including discharge, for independent reasons.
 - b. An employee who has a second verified positive test result within three years of the first such result or on a Company-administered test conducted after that period, normally will be discharged from employment.
 8. Procedure Following a Positive Test Result
 - a. An employee will not be removed from continuous pay status because of a drug or alcohol test result until the Medical Review Officer or the Breath Alcohol Technician verifies the test result.
 - b. As part of the verification process, the MRO will attempt, in accordance with applicable regulations, to contact the employee to determine whether an acceptable medical explanation for the confirmed positive result exists. The MRO will review in confidence any information provided by the employee. If the MRO determines there is an acceptable medical explanation for the positive test result, the result shall be reported as negative.
 - c. After verification of a positive test result, the employee shall be given one (1) workday to contact the EAP for an appointment so that an EAP assessment can be made. An appointment for an EAP assessment will be made. Failure to keep the appointment without an acceptable excuse will result in discharge from employment. The employee

may be returned to work after an EAP evaluation is made and the treatment and/or education recommended begins as scheduled.

- d. The employee may not return to work until results on drug and alcohol tests administered by the Company are negative. A validated positive return-to-work drug or alcohol test will be grounds for discharge from employment.
- e. The employee is required to accept and comply with the terms of a Compliance Notification Memo.
- f. The employee is subject to follow-up testing as directed by EAP. A minimum of six (6) unannounced tests per year will be conducted for three (3) years of active payroll status following return to work.

9. Procedure Following a Positive Alcohol Test

An employee having a positive blood alcohol content of .02 or greater, but less than .04, will not be required to submit to an EAP evaluation or to other provisions of the drug and alcohol free workplace program (see paragraph 7.a above), although voluntary participation will be encouraged. Such employees will, however, be removed from the assignment and suspended for the remainder of the shift. Such action shall be taken immediately when the Breath Alcohol Technician notifies management of the positive alcohol test result. If the employee's alcohol test result is .04 or greater, conditions described in paragraphs 7.a, 7.b, 8.a, and 8.c through 8.f above shall apply.

10. The Union reserves the right to grieve and arbitrate the question of whether the Company's program is consistent with the terms described in this letter.

Dated December 2, 2005

**Society of Professional Engineering
Employees in Aerospace**

By *Jennifer MacKay*
Jennifer MacKay
President

The Boeing Company

By *Michael J. Denton*
Michael J. Denton
Vice President of Engineering, BCA



COMPLIANCE NOTIFICATION MEMO ("CNM")

_____ is subject to the following requirements:
Name of Employee Employee Identifier

1. Employee is REQUIRED to schedule an appointment with an Employee Assistance Program (EAP) counselor within one working day of issuance of this CNM. Failure to do so will result in discharge from employment.
2. Employee will successfully complete the required treatment and/or training program specified by the Employee Assistance Program (EAP) Counselor, and any amendments to it ("the Programs"). Employee's satisfactory participation in the Programs is required as a condition of continued employment by The Boeing Company ("the Company"), and shall continue until such time that Company's Employee Assistance Program or its designee determines that Employee's participation is no longer necessary. Changes in the Programs shall be in writing and coordinated in advance with EAP. Any failure by Employee to participate satisfactorily in the Programs (as determined in the sole discretion

of EAP) or any violation of this CNM shall be sufficient grounds for Employee's discharge from employment. Employee's cooperation with personnel and functions administering and monitoring the Programs is required, and any failure by Employee to cooperate will be deemed a failure to participate satisfactorily in the Programs.

3. Employee will be subject to unannounced follow-up drug and alcohol testing for a three year period. A verified positive drug/alcohol test result during this period will be grounds for Employee's discharge from employment.
4. Employee acknowledges that medical personnel, or other personnel involved in monitoring Employee's compliance with this CNM, will be obligated to report to cognizant management information about any violation by Employee of the terms and conditions of this CNM.
5. Employee will continue to be subject to corrective action, up to and including discharge from employment, for reasons not related to the matters addressed in this memo.
6. The terms and conditions of this CNM shall remain in effect for a period of three (3) years commencing on the date entered below under the signature of Company Official. An interruption in Employee's active employment status because of layoff, resignation, leave of absence, or any other reason will extend this period by the duration of the interruption.
7. Employee ☐ IS ☐ IS NOT (check one) a member of a collective bargaining unit. Name of collective bargaining unit, if applicable: _____. Employee ☐ REQUESTS ☐ DOES NOT REQUEST (check one) union involvement in this matter.
8. Discharge in Abeyance is contingent upon the concurrence of an Employee Assistance Program counselor.

ACKNOWLEDGMENT BY EMPLOYEE

Employee signature required

ACKNOWLEDGMENT BY THE UNION

(If Applicable)

I have received and read the above:

Signature of Employee Date

Signature of Union Official Date

Printed Name of Employee Date

Printed Name of Union Official Date

ACKNOWLEDGMENT BY THE COMPANY

**CONCURRENCE OF EMPLOYEE
ASSISTANCE PROGRAM**

(Required in Discharge in Abeyance only)

Signature of Company Official Date

Signature of EAP Counselor Date

Printed Name of Company Official Date

Printed Name of EAP Counselor Date

Original to be retained by the DFW Focal.

LETTER OF UNDERSTANDING RELATING TO HEALTH AND SAFETY IN THE WORKPLACE

The Company and the Union recognize their mutual concerns for the health and safety of employees; for the exchange of information regarding issues of safety and health, such as the use and handling of hazardous materials and equipment in the workplace; and for the physical conditions under which the work is performed.

Therefore, the Union will nominate an individual to be a SPEEA representative on appropriate Product Sector SHEA committees at the Company's Kent, Auburn, Renton, and Everett sites. All nominees must be approved by the Company.

The Product Sector SHEA committees may, at their discretion, establish subcommittees as necessary to investigate health and safety concerns identified by Union-represented employees. The Product Sector SHEA committees will designate the members of any such subcommittee, which shall include at least one Union representative.

The parties' longstanding commitment to individual employee safety and regulatory compliance extends to issues regarding personal protective equipment and safety devices and the value of working together to create an injury-free workplace. To further this commitment, the Company will provide employees up to \$75 per year towards the purchase of approved safety shoes where such shoes are mandatory due to regulatory compliance or Company directive. The reimbursement process utilized will be the organization's existing process for reimbursement of incidental business expenses or any other mutually acceptable reimbursement process.

In addition, the Company agrees to present to the Union, not less than annually, a review of current issues regarding the physical work environment and the activities of the Corporate Safety, Health, and Environmental Affairs (SHEA) organization. The Union may request additional meetings in order to address its concerns. The agenda for each meeting shall be agreed to by both parties in advance of such meeting.

Dated December 2, 2005

**Society of Professional Engineering
Employees in Aerospace**

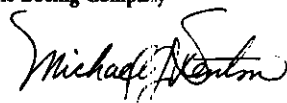
By



Jennifer MacKay
President

The Boeing Company

By



Michael J. Denton
Vice President of Engineering, BCA

LETTER OF UNDERSTANDING RELATING TO DATA REPORTS

The Company will provide that data to the Union which is listed in the memorandum from the Company to the Union, dated November 1, 2005, subject to such revisions in the future as may be made by mutual agreement of the parties. Nothing herein is intended to waive any right the Union may have to receive additional data.

Dated December 2, 2005

**Society of Professional Engineering
Employees in Aerospace**

The Boeing Company

1
2 By *Jennifer MacKay*
3
4 Jennifer MacKay
5 President
6
7

By *Michael J. Denton*
Michael J. Denton
Vice President of Engineering, BCA

Attachment 7

LETTER OF UNDERSTANDING
RELATING TO PRINTING OF CONTRACTS

The parties agree, in the spirit of labor/management cooperation, that the practice of equally sharing the costs of printing the labor agreements will be continued.

Dated December 2, 2005

Society of Professional Engineering
Employees in Aerospace

The Boeing Company

17
18
19 By *Jennifer MacKay*
20
21 Jennifer MacKay
22 President
23
24
25

By *Michael J. Denton*
Michael J. Denton
Vice President of Engineering, BCA

Attachment 8

LETTER OF UNDERSTANDING
RELATING TO EXPENDITURE OF FUNDS
UNDER ARTICLE 20

The parties have agreed in Article 20 of their Collective Bargaining Agreement that the Company will commit a minimum of \$6.0 million per contract year (December 2 - December 1) in support of the Ed Wells Partnership (covering all Boeing SPEEA represented bargaining units participating in such programs, including the Wichita Professional Unit). The following sets forth the practices that will be followed in accounting for these funds:

1. Amounts not spent in one annual period under Section 20.4 shall carry over to the next year, but not beyond the expiration of the Agreement.
2. The Joint Policy Board shall establish an annual budget. The amount set forth in Section 20.4 shall be separately accounted for and may not be used for any other program.
3. All labor and non-labor will be treated according to current Boeing accounting practices.
4. Labor support from other divisions will be burdened at the Boeing loaned labor rate.
5. To the extent permitted by law, a trust fund will be established pursuant to the Taft-Hartley Act, 29 U.S.C. Section 186, to contract with the Union for services of any individual employed by the Union who is named to the administrative staff established by Section 20.3. The trust shall be established pursuant to a written agreement between the parties that complies with clause (B) of the proviso to 29 U.S.C. Section 186(c)(5). In addition, the terms of any contract between the trust and the Union shall provide that the Union will be reimbursed for the services of these individuals on the basis of their base rate plus actual expenses for payroll taxes and the following employee fringe benefits: Union pension plan and package H and W insurance. The Company shall provide funds to the trust in a sufficient amount and in a timely manner to enable the trust to meet its contractual obligations to the Union.

6. Individuals employed by the Union who are named to the administrative staff established by Section 20.3 shall be full-time, dedicated to the administrative staff. On an exception basis, such individuals may perform Union business for brief periods of time. Time spent performing Union business will not be reimbursed through the trust as described in paragraph 5. The individuals performing Union business shall keep contemporaneous records of the dates such business was performed and the amounts of time so spent, which records shall be presented to the Company with the monthly invoices for reimbursement.

Dated December 2, 2005

**Society of Professional Engineering
Employees in Aerospace**

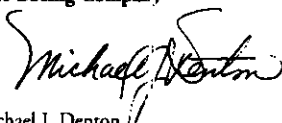
By



Jennifer MacKay
President

The Boeing Company

By



Michael J. Denton
Vice President of Engineering, BCA

Attachment 9

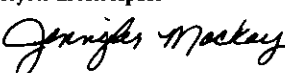
**LETTER OF UNDERSTANDING
RELATING TO ARTICLE 20 - CONFIDENTIALITY OF INFORMATION**

It is recognized by the parties that a free flow of information between them is necessary to insure the success of the Ed Wells Partnership. Information which could be disclosed to the Union and to the Union Administrative Staff includes information relating to inventions, products, processes, machinery, apparatus, prices, discounts, costs, business affairs or technical data that the Company considers as confidential. In furtherance of their objective to facilitate full participation of the Union in these programs while recognizing the sensitivity of the Company's confidential information, the parties agree that any such information shall be held in confidence by the Union and the Administrative Staff and shall be used by them solely for purposes of this program. All Union Administrative Staff shall be provided a copy of this Letter of Understanding and advised of their obligations under it.

Dated December 2, 2005

**Society of Professional Engineering
Employees in Aerospace**

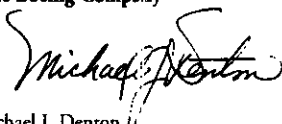
By



Jennifer MacKay
President

The Boeing Company

By



Michael J. Denton
Vice President of Engineering, BCA

Attachment 10

**LETTER OF UNDERSTANDING
RELATING TO EMPLOYMENT STABILIZATION**

The parties recognize that a strong, competitive Company is the best assurance of employment security and that an effective employment stabilization process must balance the legitimate need for flexibility to successfully compete in a global market.

The parties have agreed to enhance the employment stabilization process through the Joint Company/ Union Workforce Committee to discuss and provide relevant, necessary information on a variety of workforce-related subjects, such as skills inventory, the Performance Management process, employment forecasts, and the job posting and transfer process. The committee will meet no less than quarterly.

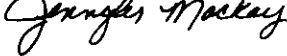
The Company also agrees to the following:

- The Joint Company/Union Workforce Committee will meet not less than annually to focus on issues relating to employment security and assignment of personnel including employment/skills forecasting.
- The Company will provide the Union with an overview of Company policies and plans for future subcontracting and offloading that affects bargaining unit employees. Where practicable, the Company will provide advance notice to the Union of significant subcontracting decisions involving work performed by bargaining unit employees.

In summary, the parties recommit to providing for a short term and long term balance between the Company's need to successfully compete in a global economy and employees' expectations of employment security.

Dated December 2, 2005

**Society of Professional Engineering
Employees in Aerospace**

By 
Jennifer MacKay
President

The Boeing Company

By 
Michael J. Denton
Vice President of Engineering, BCA

Attachment 11

**LETTER OF UNDERSTANDING
RELATING TO PERFORMANCE REMEDIAL ACTION**

In an effort to assist all employees in reaching their full potential, a process has been adopted to identify and constructively address performance deficiencies and/or an insufficient level of skills, knowledge, and abilities necessary for current assignments.

This program includes:

- Notifying the employee of the performance deficiency through issuance of a Notice of Remedial Action form (NORA).
- Notifying the employee of the skills, knowledge and abilities necessary for current assignments.
- Developing a clear and cogent program for the employee to correct the performance deficiency and/or acquire the necessary skills, knowledge, and abilities.
- Providing the Union with a copy of the proposed action in a timely manner through the Company Union Relations Organization.

Performance criteria which may be utilized by the Company to identify potential performance deficiencies and/or an insufficient level of skills, knowledge and abilities shall be reviewed and agreed upon jointly by the Company and the Union.

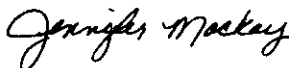
In accordance with the general objectives stated in Article 8, the Union and the Company agree that employees who are identified as having performance deficiencies or inability to acquire the necessary skills, knowledge, and abilities, may be terminated or, at the Company's option, may be declared surplus to the needs of the Company and placed on layoff in accordance with the layoff provisions of Article 8, irrespective of their retention rating. Employees laid off according to those provisions will retain all rights they may have under Article 3.

Receipt of a notice pursuant to this process shall not preclude an employee from seeking other employment within the Company, for which he or she is qualified, through the Boeing job posting process.

Dated December 2, 2005

**Society of Professional Engineering
Employees in Aerospace**

By



Jennifer MacKay
President

The Boeing Company

By



Michael J. Denton
Vice President of Engineering, BCA

Attachment 12

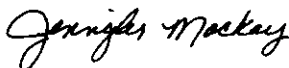
**LETTER OF UNDERSTANDING
RELATING TO VOLUNTARY LAYOFFS**

The Company and the Union agree that, any provision in the parties' Collective Bargaining Agreements to the contrary notwithstanding, an employee may request that he or she be voluntarily laid off. If the request is approved by management, the employee will be coded as a layoff and will be regarded for all Company purposes as a laid off employee, except for purposes of layoff benefits under Article 21. The Union will be advised of all employees approved for voluntary layoff.

Dated December 2, 2005

**Society of Professional Engineering
Employees in Aerospace**

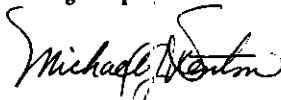
By



Jennifer MacKay
President

The Boeing Company

By



Michael J. Denton
Vice President of Engineering, BCA

Attachment 13

**LETTER OF UNDERSTANDING
RELATING TO TEMPORARY RECALL**

The parties acknowledge that occasionally situations arise when short-term assignments require additional staffing. The Company in its sole discretion has from time to time preferred to have this work performed by employees on active recall status.

The parties agree to continue the process described immediately below.

1. The process shall be known as Temporary Recall and shall be defined as the temporary re-employment of individuals on active layoff status (hereinafter "employees").
2. Temporary Recall assignments may be designated for specific programs or projects with a defined beginning and ending date. The normal minimum will be one month and the normal maximum will be six months. Assignments will normally be full time (average 80 hours in a pay period).
3. The Company will determine which employees will be offered Temporary Recall assignments. Temporary Recall will be strictly voluntary on the part of the employee. Refusing to consider an employee for Temporary Recall or an employee's rejection of an offer of Temporary Recall will not affect the employee's active layoff status.

4. Temporarily recalled employees will receive the same salary they were receiving prior to layoff, adjusted for any general wage increases implemented between the date of their original layoff and temporary recall.
5. If the temporarily recalled employee begins within one year of the original layoff effective date, eligibility for coverage for medical/dental insurance, life insurance, accidental death and dismemberment insurance, business travel accident insurance, long-term and short-term disability insurance, and voluntary personal accident insurance begins on the first day of the month following the month in which the re-employment commences. If the temporarily recalled employee begins at least one year after the original layoff effective date, eligibility for coverage for such benefits begins the first day of the month following one full calendar month of continuous employment.
6. With regard to the Retirement Plan, unused sick leave, and vacation, employees on Temporary Recall will be set up in the system based on their respective layoff/recall circumstances. This will include the reactivation of unused but earned credits and the generation of future benefits consistent with standard policies. Voluntary Investment Plan contributions may be resumed, beginning on the first of the month following recall.
7. Company service will be earned beginning the first day back on the active payroll.
8. Active layoff status will not be interrupted. Filing requirements once during each half year for first consideration recall status will remain.
9. Employees on Temporary Recall will not receive a retention rating based on Temporary Recall assignments.
10. Employees on Temporary Recall will generate funds for a selective adjustment exercise if they meet contractual criteria.
11. Employees on Temporary Recall will not be eligible for layoff benefits when their Temporary Recall assignment ends.

Dated December 2, 2005

**Society of Professional Engineering
Employees in Aerospace**

By 

Jennifer MacKay
President

The Boeing Company

By 

Michael J. Denton
Vice President of Engineering, BCA

Attachment 14

**LETTER OF UNDERSTANDING
RELATING TO JOINT BENEFITS DISCUSSION GROUP**

The Company and the Union are committed to ensuring that employees have access to cost effective, quality health care coverage. Because of their ongoing concern about the quality of health care and costs, the parties agree to continue their Joint Benefits Discussion Group. The group will have an equal number of representatives, including a co-chair, from each party. When appropriate, health care experts and representatives from the Company's health plans will be invited to attend group meetings. Each party may have their benefits consultants and advisors attend group meetings. The group will meet at least twice each year to discuss issues related to the health care program. The group also will meet with health care providers to express the parties' interest in obtaining quality health care at affordable prices. Among the topics the parties will consider and discuss are:

- Medical Plan experience, costs and trends.
- Cost management programs, health plan and health care provider accountability for quality and efficiency as well as prescription drug initiatives.
- Measurement tools for evaluating health plans, including accreditation from a nationally recognized group such as the National Committee for Quality Assurance (NCQA).
- Benchmark data from other employers.
- Promotion of patient safety, care management and wellness initiatives designed to improve the health of employees and thereby reduce overall medical costs with the understanding that such health care initiatives will embrace certain medical plan design principles

Other benefit issues may be discussed from time-to-time at the request of either party.

Dated December 2, 2005

**Society of Professional Engineering
Employees in Aerospace**

By

Jennifer MacKay

Jennifer MacKay
President

The Boeing Company

By

Michael J. Denton

Michael J. Denton
Vice President of Engineering, BCA

Attachment 15

LETTER OF UNDERSTANDING RELATING TO PART-TIME EMPLOYMENT

The Company and the Union agree that employee requests to be placed on part-time work schedules to assist employees with personal concerns may be authorized when compatible with Company schedules. The term "part-time work schedule" shall mean a work schedule consisting of a seven-day cycle with fixed days and hours of work that are less than forty (40) hours over one regular workweek, or a fourteen-day cycle with fixed days and hours of work that are less than eighty (80) hours over two regular workweeks that is not a Category II Work Schedule. No minimum or maximum number of hours will be required, but fixed days and hours of work must be established. A part-time work schedule must be approved by the employee's immediate and second-level management and is applicable only to the particular position the employee occupies when the schedule is approved. Approval of a part-time work schedule is subject to revocation at any time. Management may request an employee on a part-time work schedule to return to work on a full-time basis regardless of the employee's retention rating when part-time work is no longer appropriate.

Employees on part-time work schedules will be subject to all provisions of the Agreement and the provisions of PRO-522 dated April 25, 2003.

Dated December 2, 2005

**Society of Professional Engineering
Employees in Aerospace**

By

Jennifer MacKay

Jennifer MacKay
President

The Boeing Company

By

Michael J. Denton

Michael J. Denton
Vice President of Engineering, BCA

**LETTER OF UNDERSTANDING
RELATING TO JOINT COMPENSATION DISCUSSION GROUP**

The parties enter this letter of understanding to express their intent to continue their joint compensation discussion group.

The discussion group shall meet no less than annually during the term of this Agreement. Subjects for discussion may include the Company's compensation philosophy, market relationships, and the salary planning process.

It is understood that the group is established solely for purposes of discussion, and that the group is not a forum for making recommendations or seeking agreement. Group discussions shall not reopen the parties' Agreement or affect Article 2 thereof.

Dated December 2, 2005

**Society of Professional Engineering
Employees in Aerospace**

By 

Jennifer MacKay
President

The Boeing Company

By 

Michael J. Denton
Vice President of Engineering, BCA

**LETTER OF UNDERSTANDING
RELATING TO SHAREVALUE PROGRAM**

The Company and the Union agree that all eligible represented employees may participate in the Boeing ShareValue Program (also known as the ShareValue Trust) for the duration of this Agreement. The parties agree that the Company's success depends upon the ability to return long-term value to the shareholders. The intent of this incentive program is to help inform employees about what makes a business run and produces shareholder value, and to allow employees to share in the results of their efforts to increase shareholder value.

Employees will be eligible to participate in accordance with the governing provisions of the ShareValue Program as set forth in the official Program documents. In the event of any conflict between this Letter of Understanding and the official ShareValue program documents, the official ShareValue Program documents will prevail in every case.

Eligible participants will proportionally share in a ShareValue Program distribution based on the number of months they were eligible to participate during any investment period falling within the term of this Agreement or any preceding Agreement that provided for their participation in the ShareValue Program.

Dated December 2, 2005

**Society of Professional Engineering
Employees in Aerospace**

By 

Jennifer MacKay
President

The Boeing Company

By 

Michael J. Denton
Vice President of Engineering, BCA

LETTER OF UNDERSTANDING RELATING TO VIRTUAL OFFICE/TELECOMMUTING

The parties enter into this Letter of Understanding as a result of the implementation of the Virtual Office/Telecommuting Program. Following is a summary of the general provisions of this Program as they apply to exempt and non-exempt SPEEA-represented employees.

Telecommuting or "Work at Home" and other aspects of the Virtual Office have proven to be a viable work option that, when appropriately applied, benefit both the Company and the individual. The Virtual Office provides a balance between the tasks that are the responsibility of each individual and the requirements of each team and group.

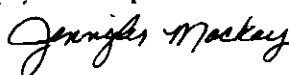
The Virtual Office is a cooperative agreement between the manager and the employee, not an entitlement, and is based on (1) the needs of the job assignment, work group and the Company, and (2) the employee's past and present levels of performance and defined personal characteristics. Participation in the Virtual Office Program is entirely voluntary and may be terminated by the employee, his/her manager, or the Company at any time.

The employee's duties, obligations, responsibilities and conditions of employment with the Company remain unchanged. Employees remain obligated to comply with all Company rules, policies, practices and instructions. The detailed terms and conditions of this Program are covered in the Virtual Office Program procedure, PRO - 497, which is subject to change at the Company's discretion. Disputes concerning the content of this Letter of Understanding shall not be subject to the grievance and arbitration procedure of Article 3. Nothing in this Letter waives any rights reserved in Article 2.

Dated December 2, 2005

**Society of Professional Engineering
Employees in Aerospace**

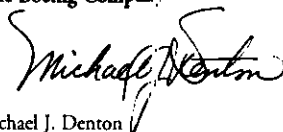
By



Jennifer MacKay
President

The Boeing Company

By



Michael J. Denton
Vice President of Engineering, BCA

LETTER OF UNDERSTANDING RELATING TO THE TRAVEL CARD PROCESS

The Company and the Union enter this Letter of Understanding to memorialize their agreement to continue to monitor the process of paying business travel expenses and their ongoing mutual commitment for improvements in the same.

The parties agree to continue their joint committee, consisting of two representatives each from the Company and the Union. The purpose of the committee is to review issues, suggest short term and long term process improvements, and address any concerns with the process. The committee will, through mutual agreement, recommend solutions to the Company's travel card process owners (currently Shared Services Travel Accounting/Finance Group). The committee will meet upon request of either party.

The terms and conditions of the travel card process as described by the Company and the travel card provider will apply to employees covered by this Agreement. The Company will notify the Union of any changes to the travel card process. Employees will not be required to pay the travel card company for late fees when such fees are incurred due to situations outside the employee's control, or if the employee has made a good faith effort to pay the travel card company or resolve disputed payments in a timely fashion.

Any dispute over the imposition of late fees will be subject to Article 3. In addition to the terms and conditions defined by the Company, the following provisions continue to apply to the travel card process:

1. Employees will not be required to pay the card company for authorized business expenses before receiving payment from Travel Accounting so long as the delay in receiving that payment is due to the Company's neglect of factors outside the employee's control.
2. Payment delinquencies will not be reported to a credit bureau.
3. Authorized management may exempt employees who engage in extensive/frequent travel or for whom special circumstances exist from the decentralized billing process. Any employee shall be free to request an exemption.
4. The Company will take reasonable steps to preserve the confidentiality of the employee's personal and financial information related to the use of the travel card, and will use such information only for legitimate business reasons.

Such information will not be used for solicitations for activities not related to company travel.

Dated December 2, 2005

**Society of Professional Engineering
Employees in Aerospace**

By 

Jennifer MacKay
President

The Boeing Company

By 

Michael J. Denton
Vice President of Engineering, BCA

Attachment 20

**LETTER OF UNDERSTANDING
RELATING TO FREQUENT FLIER MILEAGE**

The Company agrees that frequent flier mileage for business travel will be credited to personal employee accounts and may be applied towards personal travel. Employees must continue to comply with Company directives and Boeing Travel Office procedures including those designed to minimize travel-related costs without regard to frequent flier mileage program considerations.

Dated December 2, 2005

**Society of Professional Engineering
Employees in Aerospace**

By 

Jennifer MacKay
President

The Boeing Company

By 

Michael J. Denton
Vice President of Engineering, BCA

Attachment 21

**LETTER OF UNDERSTANDING
RELATING TO SPEEA ACCESS TO THE BOEING WEB**

The parties hereby agree that SPEEA shall have access to the Boeing internal Web page. To that effect, the parties agree as follows:

1. SPEEA shall maintain the confidentiality of all information, data and computer programs ("Information Assets") to which SPEEA has access, along with any passwords or access procedures given to facilitate access to "authorized SPEEA users".
2. SPEEA shall only access the Information Assets specified by the Boeing Computing Access Focal Point, and then only in accordance with the access procedures.
3. SPEEA shall not access any other Information Assets not approved by the Boeing Computing Access Focal Point.
4. SPEEA shall not remove any Information Assets from Boeing computing systems, or delete, change or otherwise modify any Information Assets.
5. Access to Information Assets marked "Boeing Limited" or bearing Government classified markings is strictly prohibited.

The Company may re-evaluate access at any time. Any decision by the Company to withdraw access shall not be subject to the provisions of Article 3.

Dated December 2, 2005

**Society of Professional Engineering
Employees in Aerospace**

By

Jennifer MacKay
President

The Boeing Company

By

Michael J. Denton
Vice President of Engineering, BCA

Attachment 22

**LETTER OF UNDERSTANDING
RELATING TO SALARY REVIEW CONSIDERATION
UPON RETURN FROM LEAVE OF ABSENCE**

The parties enter this Letter of Understanding to address the subject of consistency in salary review decisions for employees returning to work from approved leave of absence.

The Company agrees to develop a process to provide a consistent review of employees' salaries as they return to work from approved leave of absence, giving consideration to various factors, such as peer review, additional experience and education obtained, and other factors as deemed appropriate. The returning salary will include any contractual minimum increases paid during the time the employee was on an approved leave of absence, not to exceed three (3) years.

Dated December 2, 2005

**Society of Professional Engineering
Employees in Aerospace**

By

Jennifer MacKay
President

The Boeing Company

By

Michael J. Denton
Vice President of Engineering, BCA

**LETTER OF UNDERSTANDING
RELATING TO RETRAINING SKILL TRANSITION**

Employees selected by management to participate in a program of formal training in a field outside their current job family and SMC, which training is conducted or approved by the Company, and employees who at management's request transfer from one major functional area to another for a Company-sponsored skill transition and retraining program, will be assigned a unique SMC upon entering the training program or upon transfer to the new functional area respectively. The trainee shall retain this unique SMC for a period of six months following completion of training or transfer to the new functional area, as the case may be, in order to allow time for the trainee to demonstrate his/her adaptability to the new assignment.

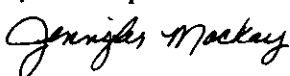
During the period in which the trainee is assigned the unique SMC, he or she will retain the retention rating held at the time of assignment to the unique SMC.

In the event a surplus is declared in the trainee's new assignment and if the trainee's retention rating would cause him or her to be an individual surplus, the trainee will be returned for assignment to an area under his or her last held regular assigned job classification and SMC and the retention rating of record.

Dated December 2, 2005

**Society of Professional Engineering
Employees in Aerospace**

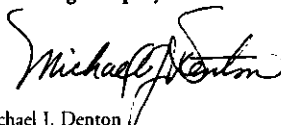
By



Jennifer MacKay
President

The Boeing Company

By



Michael J. Denton
Vice President of Engineering, BCA

**LETTER OF UNDERSTANDING
RELATING TO THE USE OF EMPLOYEE SKILLS INVENTORY**

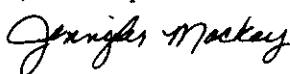
The Company and the Union enter this Letter of Understanding to address the practice of identifying and maintaining an employee's skills inventory.

The Company will explore viable options and will engage in discussions with the Union about employee skills inventory as it relates to the matching of employee skills to resource requirements.

Dated December 2, 2005

**Society of Professional Engineering
Employees in Aerospace**

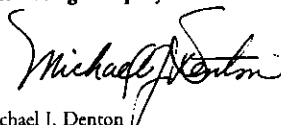
By



Jennifer MacKay
President

The Boeing Company

By



Michael J. Denton
Vice President of Engineering, BCA

**LETTER OF UNDERSTANDING
RELATING TO TECHNICAL EXCELLENCE PROGRAM**

The Company agrees to maintain a Technical Excellence Program for the purpose of recognizing individuals who have developed a high level of technical skill and a work history of outstanding technical accomplishments. The Company will maintain the standards and criteria to be used to identify such

individuals, and the recognition to be accorded them. The Company will give consideration to the Union's views on said standards, criteria, and recognition.

Claims that employees are qualified for recognition in the Technical Excellence Program shall not be subject to Article 3.

Dated December 2, 2005

**Society of Professional Engineering
Employees in Aerospace**

By 

Jennifer MacKay
President

The Boeing Company

By 

Michael J. Denton
Vice President of Engineering, BCA

Attachment 26

**LETTER OF UNDERSTANDING
RELATING TO EMPLOYEE INCENTIVE PLAN**

Eligible employees covered by this Agreement and on the active payroll as of December 1, 2005 or thereafter may participate in The Boeing Company Employee Incentive Plan ("EIP") for the duration of this Agreement as set forth below and subject to this Letter of Understanding and the terms of the EIP. Eligible employees will accrue Daily Earnings beginning January 1, 2005. The first payment will be calculated based on financial performance for fiscal year 2005 and will be paid in accordance with the EIP.

Employees will be eligible to participate in accordance with the governing provisions of the EIP as set forth in the official plan document. In the event of any conflict between this Letter of Understanding and the official EIP plan document, the official EIP plan document will prevail in every case.

The Board of Directors of the Company reserves the right to amend, modify, or terminate the EIP in its sole discretion. All terms and conditions of the EIP, as it may be amended or modified, will apply.

The Company shall not be required or obligated to provide any information to the Union that the Company determines to be proprietary or confidential, including but not limited to information regarding cost, pricing, and/or other financial information or data. Any information regarding cost, pricing, and/or other financial information or data will be provided at the Company's discretion if the Company deems it necessary or appropriate for Union review. If the Company so determines that such information should be released, the Union and/or its representatives may necessarily be required to execute a confidentiality agreement before such information is released. Any information that is released to the Union and/or its representatives will be held confidential and shall not be utilized by the Union and/or its representatives for any purposes that do not directly relate to the EIP.

Nothing in this Letter of Understanding or employee participation in the EIP will be subject to the grievance and arbitration procedure of Article 3.

Dated December 2, 2005

**Society of Professional Engineering
Employees in Aerospace**

By 

Jennifer MacKay
President

The Boeing Company

By 

Michael J. Denton
Vice President of Engineering, BCA

**LETTER OF UNDERSTANDING
RELATING TO JOINT COMMITMENT ON EMPLOYMENT SECURITY**

Reductions in employment in Commercial Airplanes have been very painful for everyone involved. The negative effects on both morale and productivity have been substantial. This, along with uncertain economic conditions, has resulted in a great deal of focus on both job security and our future.

SPEEA and the Company understand the impact these issues have had on employees, their careers and Boeing's overall performance. Therefore, we have developed constructive approaches to address them. The foundation of our company's success is the technical workforce, and it is clear that business success starts with commitment to people first. This commitment must be demonstrated by our actions, and our agreement to form a real partnership was an important step forward.

As we know, job security is enhanced by preparing ourselves to compete more effectively in a dynamic, global marketplace. SPEEA and the Company are jointly committed to a number of critical initiatives where we will work together for the mutual success of employees, SPEEA and Boeing. These include:

- Breakthrough improvements in productivity and morale through effective utilization
- Retention and transfer of key knowledge
- Exploring more effective ways to link compensation to productivity
- Improved approaches to increase stabilization of employment levels
- Life-long learning as an investment in our knowledge and skills and an avenue for retraining

As we define and implement these key initiatives, our desire is that we use attrition whenever practical to accomplish any further reductions in employment and avoid layoffs in the future. We are committed to exploring new and innovative approaches to employment transitions. Due to the cyclical nature of our business, it is difficult to predict and control conditions that affect employment levels. Therefore, to the extent practical, the Company will provide job transition support and services to the technical workforce affected by employment reductions through, but not limited to, the following:

- Skills retraining (Ed Wells Partnership)
- Career Transition Services
- Career Counseling
- Resume preparation
- Boeing Enterprise Staffing System (BESS)
- Intellectual capital management
- Skills management through Process Councils and Skill Teams
- Partnerships with local educational institutions
- Financial counseling
- Medical benefits continuation
- Income benefits continuation


We will continue programs for knowledge retention and transfer and skill retraining to support employees as Boeing transitions over time. We have committed additional funds to the Ed Wells Partnership. We will also commit to continued discussions in our Joint Workforce Committee on these important topics.

Lastly, we will continue to work together to build a positive and successful future for our company and our team.


Nothing in this Letter of Understanding will be subject to the grievance and arbitration procedure of Article 3.

Dated December 2, 2005

**Society of Professional Engineering
Employees in Aerospace**

By 
Jennifer MacKay
President

The Boeing Company

By 
Michael J. Denton
Vice President of Engineering, BCA

Attachment 28

LETTER OF UNDERSTANDING RELATING TO OVERTIME


It is understood that the authority of the Company to require overtime is necessary for business planning and meeting operational objectives. The parties recognize, however, that the exercise of this authority may affect employee productivity.

Accordingly, the Company and SPEEA agree, subject to the exceptions noted below, that no employee shall normally be required, and need not be permitted, to work more than 144 overtime hours in any budget quarter, more than two weekends consecutively without the next weekend off, or more than 8 hours on a Saturday or a Sunday. Overtime work on either a Saturday and a Sunday, or a Saturday or a Sunday, shall constitute a weekend worked. All overtime on a holiday as set forth in Section 7.1 of the Agreement or on the weekend which immediately precedes a Monday holiday or immediately follows a Friday holiday shall be voluntary.

All overtime in excess of the above limits shall be strictly on a voluntary basis and no employee shall suffer retribution for refusal or failure to volunteer. An employee may be required to perform overtime work beyond the above limitations where necessary for delivery of Company products to a customer, where necessary for the timely submission of proposals where related to customer-requested emergency repair of delivered products, or for Government DX or Government DO rated orders.

Dated December 2, 2005

**Society of Professional Engineering
Employees in Aerospace**

By 
Jennifer MacKay
President

The Boeing Company

By 
Michael J. Denton
Vice President of Engineering, BCA

**LETTER OF UNDERSTANDING
RELATING TO JOINT TEAM TO EVALUATE REPLACEMENT
OF RETIREE MEDICAL BENEFITS FOR NEW HIRES**

The parties commit to form a joint team to develop an option to provide employees a means to pay for future medical expenses on a tax-advantaged basis. The parties acknowledge that pursuant to Article 16 and Attachment B, retiree medical benefits will no longer be offered to newly-hired employees. Our desire is for an option to be implemented no later than January 1, 2007. Accordingly, the joint team study effort should conclude no later than June 1, 2006, unless the parties agree to mutually extend the study.

Any recommendations reached by the joint team will be subject to approval by the Company and the Union.

Nothing in this Letter of Understanding will be subject to the grievance and arbitration procedure of Article 3.

Dated December 2, 2005

**Society of Professional Engineering
Employees in Aerospace**

By 

Jennifer MacKay
President

The Boeing Company

By 

Michael J. Denton
Vice President of Engineering, BCA

**LETTER OF UNDERSTANDING
RELATING TO DESIGNATED EMPLOYEES**

A mutually agreed upon process has been developed and implemented for the purpose of identifying employees who, while not subject to 8.9(b)(3), will be declared ineligible for first consideration recall rights. This process includes the following elements:

- Designated employees will be identified as part of the retention indexing process and advised in writing that, in the event of layoff during the period of time between retention indexes, they will have no priority recall consideration.
- Designated employees must have an assigned R3 retention rating.
- Designated employees will be identified by skill teams.
- Designated employees who have one full year of service and who elect to receive income continuation benefits under 21.3(b) will nevertheless be ineligible for priority recall consideration.

Employees who have been so designated will be provided with an Employee Improvement Action Plan which will identify the specific conditions leading to the designation and improvements necessary to avoid such designations in the future. Management and the employee will have on-going discussions about the employee's progress in achieving the objectives outlined in the action plan. The Company will promptly notify the Union of the identities of designated employees. The identification of designated employees shall not be subject to Article 3; however, designated employees may appeal the designation regardless of their previous retention rating in accordance with 8.4(c)(1).

Designations pursuant to this Letter of Understanding will remain in effect until the next scheduled retention review exercise.

Dated December 2, 2005

**Society of Professional Engineering
Employees in Aerospace**

By

Jennifer MacKay
President

The Boeing Company

By

Michael J. Denton
Vice President of Engineering, BCA

Attachment 31

**LETTER OF UNDERSTANDING
RELATING TO PROMOTIONS AND SALARY ADJUSTMENTS**

For each review period below, the Company will spend at least one half of one percent (.5%) of the total unit salaries as of the computation date of the review period on either adjustments in salary accompanied by a change in classification (promotion); or adjustments in salary outside of the annual salary review (Out of Sequence Selective Adjustment) or any combination of the two. In the event less than .5% is spent during the review period, the delta between the actual expenditure and .5% will be added to the next salary adjustment fund. The minimum promotion increase will be \$3,000.

There will be no selective adjustments or in-line promotions outside the competitive job selection process during the period scheduled by the Company for salary review (typically January 1 through mid-April).

| Review Period | Start Date | Computation Date | End Date |
|---------------|------------------|------------------|-------------------|
| One | December 2, 2005 | February 3, 2006 | December 31, 2006 |
| Two | January 1, 2007 | February 2, 2007 | December 31, 2007 |
| Three | January 1, 2008 | February 1, 2008 | December 1, 2008 |

Dated December 2, 2005

**Society of Professional Engineering
Employees in Aerospace**

By

Jennifer MacKay
President

The Boeing Company

By

Michael J. Denton
Vice President of Engineering, BCA

ATTACHMENT A

**GROUP BENEFITS PACKAGE
FOR EMPLOYEES REPRESENTED
BY SPEEA**

Health and Insurance Plans

November 15, 2005

ATTACHMENT A

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ELIGIBILITY

Eligible Employees

You are eligible for the Package if you are an active Boeing employee represented by a Society of Professional Engineering Employees in Aerospace Collective Bargaining Agreement. You are not eligible to enroll if you are working in a capacity that, at the sole discretion of the plan administrator, is considered contract labor or independent contracting.

Eligible Dependents

Dependents eligible for the medical and dental plans are your legal spouse (as recognized under Federal law) and children (natural children, adopted children, children legally placed with you for adoption, and stepchildren) who are under age 25, unmarried, and dependent on you for principal support, including children who are attending school.

You may request coverage for the following dependents:

- A common-law spouse if the relationship meets the common-law requirements for the state where you entered into the common-law relationship.
- A same-gender domestic partner if you and your same-gender domestic partner meet all of the following requirements. You and your partner must be
 - Of the same gender.
 - 18 years of age or older.
 - Living in the same permanent residence in a permanent, exclusive, emotionally committed, and financially responsible relationship similar to a marriage.
 - Not married to or legally separated from another person or involved in another same-gender domestic partner relationship.
 - Not blood relatives.
 - Not in the domestic partner relationship solely to obtain coverage.

A same-gender domestic partner is considered a spouse for the purpose of the medical and dental plans. You must complete an Affidavit of Domestic Partnership to cover a same-gender domestic partner under the medical and dental plans.

Some states have laws requiring coverage for certain registered domestic partners.

- Unmarried children of your same-gender domestic partner who are under age 25. These children are considered stepchildren for the purpose of the medical and dental plans. The Affidavit of Domestic Partnership requirement applies.
- Other children, as follows, who are under age 25, unmarried, and dependent on you for principal support, including children who are attending school:
 - Children who are related to you either directly or through marriage (e.g., grandchildren, nieces, nephews).
 - Children for whom you have legal custody or guardianship (or for whom you have a pending application for legal custody or guardianship) and are living with you.

Annual certification of eligibility is required to continue coverage from age 19 through age 24.

In accordance with Federal law, the Company also provides medical and dental coverage to certain dependent children (called alternate recipients) if the Company is directed to do so by a qualified medical child support order (QMCSO) issued by a court or state agency of competent jurisdiction.

Documentation is required to request coverage for a child named in a QMCSO or a child for whom you have been given legal custody or guardianship, and may be required for a spouse or same-gender domestic partner and his or her children.

Special Provisions When Family Members Are Boeing Employees

If your spouse, same-gender domestic partner, or dependent child is employed by Boeing and eligible for any type of benefit plan offered by Boeing, your dependent must be covered separately under the plan or plans available to that person.

No person may be covered both as an employee (active or retired) and as a dependent under any type of plan offered by Boeing, and no person will be considered a dependent of more than 1 employee. Eligible dependents do not include other Boeing employees covered under any Company-sponsored plan providing medical, vision care, prescription drug, dental, or similar services. However, if your spouse is a part-time Boeing employee, retired, on approved leave of absence or layoff, or an employee of a subsidiary company, your spouse and eligible dependent children are considered eligible dependents if other Boeing coverage is waived. If you and your spouse both are Boeing employees and have dependent children, you both may elect medical and dental coverage for eligible children under 1 parent's plans. As an alternative, parents may elect medical coverage for eligible children under 1 parent's plan and dental coverage under the other parent's plan. In either case, all eligible children must be enrolled in the same medical plan and the same dental plan (except as required by a QMCSO). The same provisions apply to a same-gender domestic partner and his or her children.

Incapacitated Children

A disabled child age 25 or older may continue to be eligible (or enrolled if you are a newly eligible employee) if he or she is incapable of self-support due to any mental or physical condition that began before age 25. The child must be unmarried and dependent on you for principal support. Coverage may continue under the medical and dental plans for the duration of the incapacity as long as you continue to be enrolled in the plans and the child continues to meet these eligibility requirements.

Special applications for coverage are required for disabled dependent children age 25 or older.

ENROLLMENT

Life and Disability Plans

You automatically are enrolled in the Life Insurance Plan, Accidental Death and Dismemberment Plan, and Short-Term Disability Plan when eligible. You may designate a beneficiary for life and accident benefits through the Boeing Service Center.

Medical Plans

In designated locations, the Company provides you with a choice of medical plans.

You receive enrollment instructions at the time of employment and may elect medical coverage under 1 medical plan available in your location by the date indicated on the enrollment worksheet. You and all your eligible dependents must be enrolled in the same medical plan, except as specified in Eligibility.

- If you do not enroll in a medical plan by the date indicated on the enrollment worksheet, you will be enrolled automatically in the Traditional Medical Plan for employee-only coverage.
- For your spouse or same-gender domestic partner, you must provide information regarding coverage available through another employer to determine whether or not special contributions are required to enroll him or her. If you do not authorize a required contribution, he or she will not be enrolled for medical coverage. You will not be able to enroll your spouse or same-gender domestic partner until the earlier of:
 - The next annual enrollment period.
 - The date your spouse or same-gender domestic partner loses the option to be covered under the other employer-sponsored medical plan.

The Company will require periodic verification of data.

Dental Plans

In designated locations, the Company provides you with a choice of dental plans. You receive enrollment instructions at the time of employment and may elect dental coverage under 1 dental plan available in your location by the date indicated on the enrollment worksheet.

If you do not enroll in a dental plan by the date indicated on the enrollment worksheet, you will be enrolled automatically in the Scheduled Dental Plan for employee-only coverage.

Annual Enrollment Period

The Company establishes an annual enrollment period on or before July 1 each year when you may change medical and/or dental plans.

Special Enrollment

If you decline dependent enrollment in the medical and dental plans because of other employer-sponsored health care coverage (such as through a spouse's employer), you may be able to enroll eligible dependents in the Company-sponsored medical and dental plans during the year as long as enrollment is within 60 days after other coverage ends.

If you decline dependent enrollment when first eligible and your dependent's other health care coverage was through continuation coverage from a previous employer (coverage mandated by the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA), as amended), your dependent must exhaust his or her COBRA coverage to be eligible for the special enrollment period.

If your dependent's other health care coverage was not through COBRA, the coverage loss must be due to loss of eligibility for the health care coverage (including from divorce, dissolution of a same-gender domestic partnership, legal separation, death, termination of employment, or reduction in hours of employment) or termination of employer contributions toward such coverage.

If you have a new dependent as a result of marriage, entering into a same-gender domestic partner relationship, birth, adoption, or placement for adoption, you may enroll the new dependent during the year as long as enrollment is requested within 120 days after the qualified event. See Changes in Status below for more information.

Changes in Status

You will not be able to make enrollment changes until the next annual enrollment period unless you experience one of the qualified changes in status described here. Any change in enrollment must be

consistent with the change in status. To be consistent, the event must cause you or your family member to gain or lose eligibility for Company-sponsored employer health care coverage or health care coverage sponsored by a spouse's or dependent child's employer, and the election change must be on account of and correspond with your or your family member's gain or loss of eligibility. Qualified changes in status include the following:

- You marry, divorce, or become legally separated, or the marriage is annulled.
- You enter into or dissolve a same-gender domestic partner relationship.
- You acquire a new, eligible dependent child, such as by birth, adoption, or placement for adoption.
- Your spouse or dependent child dies.
- Your spouse or dependent child starts or stops working.
- You or your spouse or dependent child has any other change in employment status that affects eligibility for coverage such as changing from full time to part time (or part time to full time), salaried to hourly (or hourly to salaried), strike or lockout, or beginning or returning from a leave of absence, including an approved leave of absence in accordance with the Family and Medical Leave Act.
- You or your spouse or dependent child experiences a significant increase in the cost of employer-sponsored health care coverage or the employer-sponsored health care coverage ends, including expiration of COBRA coverage.
- The Company adds a new benefit option or significantly improves an existing benefit option.
- You or your spouse or dependent child experiences a significant curtailment or cessation of employer-sponsored health care coverage.
- You or your spouse or dependent child becomes eligible or ineligible for Medicare or Medicaid.
- Your dependent child becomes eligible for, or no longer is eligible for, health care coverage due to age limits, principal support status, or a similar eligibility requirement.
- Your spouse or dependent child makes an enrollment change in his or her employer-sponsored health care coverage, either because of a qualified change in status or an annual enrollment.
- You or your spouse or dependent child changes place of residence or work, affecting access to care within the current plan.
- You are transferred to a different division, affecting eligibility for benefits under Company-sponsored health care plans.

You also may change an election to comply with a qualified medical child support order (QMCSO) to provide or cancel coverage for a child resulting from a divorce, annulment, or change in legal custody.

In most situations, you must request enrollment within 60 days after the qualified event. You can enroll a new dependent within 120 days following your marriage or entering into a same-gender domestic partner relationship or a dependent child's birth, adoption, or placement for adoption. To request enrollment for a new dependent more than 60 days but within 120 days after marriage, entering into a same-gender domestic partner relationship, birth, adoption, or placement for adoption, you must call the Boeing Service Center and speak with a customer service representative. You must provide the Boeing Service Center with any required supporting documentation within 31 days of the date the enrollment is requested or the coverage change request will be denied.

EFFECTIVE DATE OF COVERAGE

Employees

If you are a newly hired employee, the Package becomes effective as follows:

- Medical and dental coverage becomes effective on the first day of the month following your first day of employment.
- Life insurance, accidental death and dismemberment, and short-term disability coverage becomes effective on the first day of the month following your first day of employment, provided you are actively at work on that date.

Actively at work means you are attending to your normal duties at your assigned place of employment. On a holiday, vacation day, weekend day, or other regularly scheduled day off, actively at work means you are not ill, injured, or otherwise disabled or confined to a hospital or similar institution and are performing the normal activities of a person of your gender and age.

You must be on the active payroll on the first day of the month.

If you are rehired from a layoff within 5 years, are reemployed following uniformed service (and return to work promptly in accordance with Federal law), or return from an approved leave of absence, coverage is effective on the date you return to active employment.

Dependents

Current eligible dependents are covered for medical and dental benefits on the same date your coverage is effective. Eligible dependents acquired after your coverage is effective become covered on the date of marriage or entering into a same-gender domestic partner relationship, date of birth, or date the child is legally placed with you for adoption, if application is made within 120 days of the event. For other newly eligible dependents, coverage is effective on the date dependency is established, if application is made within 60 days.

You authorize required contributions when enrolling eligible dependents.

SHORT-TERM DISABILITY PLAN

The Company provides disability income coverage for you under the Short-Term Disability Plan. You are eligible for a weekly benefit if you become totally disabled as a result of an accidental injury or illness, including a pregnancy-related condition, while covered under this plan.

Benefits

Your benefits under this plan will begin after your disability has lasted 7 consecutive calendar days. After this seven-day waiting period, you will receive a weekly benefit based on your weekly salary in accordance with the schedule of benefits below.

Short-Term Disability Benefit Schedule

| Benefit Period | Benefit Amount |
|---------------------|---|
| Week 1 | Waiting period; no benefits paid under the plan |
| Weeks 2 through 13 | You receive 80% of your weekly salary |
| Weeks 14 through 26 | You receive 60% of your weekly salary |

Your benefit may be adjusted for other income benefits and rehabilitative employment. There is no minimum or maximum benefit payment under this plan.

Your benefits under this plan will be determined using the weekly salary reflected in the records of the Boeing Service Center for Health and Insurance Plans at the time your disability first begins (called your predisability earnings). If you are a part-time employee regularly scheduled to work more than 19 hours and less than 40 hours per week, your benefits under this plan will be determined using the average weekly salary that you actually earned for the 6 weeks immediately preceding your date of disability.

If you are actively at work and your weekly salary either increases or decreases, your short-term disability benefit amount will change automatically on the first day of the month after or coinciding with the date the Boeing Service Center is notified of the change in your salary. If you are not actively at work on the day the coverage change would become effective, the effective date for your new coverage amount will be delayed until the first day of the month after or coinciding with the day you return to work for 1 full day. Any retroactive change in your weekly salary will not retroactively change your disability coverage amount under this plan. If your period of disability has started, a change in your weekly salary will not change your benefit amount.

Eligibility for Benefit Payments

To be eligible for short-term disability benefit payments, you must be totally disabled; that is, you must be unable to perform the material duties of your regular occupation or other appropriate work the Company makes available and be earning 80% or less of your predisability earnings. You must be under the continuous care of a legally qualified physician throughout your period of total disability. In addition, the service representative may require you to be examined by a physician of its choice as often as is reasonably necessary to verify your continuous total disability.

All determinations of total disability are made by the service representative within the terms of its contract with the Company.

Benefit Payment Period

Benefits begin after a waiting period of 7 consecutive days and continue while you are totally disabled, through the 26th week of disability. Benefits stop when you no longer are disabled, at the end of your maximum benefit period, or when you die.

Separate Periods of Disability

A period of disability ends and benefit payments under this plan stop when you no longer are disabled or you return to work for 1 full day. If you incur a second period of disability, the cause of the second disability and the length of your recovery time between the disability periods will determine whether the second disability is treated as a temporary recovery (that is, a continuation of the first disability claim) or as a separate disability claim.

Your recovery will be considered a temporary recovery if, during the benefit payment period, you cease to be disabled for a total of 60 days or less.

The following provisions apply to periods of temporary recovery:

- Only 1 benefit waiting period applies.
- Your weekly salary used to determine your initial short-term disability benefit does not change.
- No short-term disability benefits are paid for the period of temporary recovery.

Your second period of disability will be considered a separate disability claim if you have returned to work for 1 full day and

- It is due to a different cause than the first disability period, or
- It is due to the same cause or causes but your recovery is longer than 60 days, or
- The first period of disability began before you were covered under this plan.

You must submit a claim for benefits and meet the waiting period requirements before benefits will be paid.

Other Income Benefits

Certain other income benefits that you may be entitled to receive will reduce your weekly benefit from the Short-Term Disability Plan. There is no minimum benefit payment under this plan. You must apply for all other income benefits for which you may be eligible, including Social Security benefits (but excluding retirement benefits).

Your benefits under this plan are reduced by the following sources of income:

- Salary continuation (to the extent combined short-term disability, salary continuation, and other income benefits exceed 100% of predisability earnings).
- Benefits from insured or uninsured disability income plans of any employer, multiemployer or multiple-employer welfare plan, or union welfare plan.
- Benefits from a disability income plan of any state or other jurisdiction.
- Social Security disability or retirement benefits, including primary, spouse, and dependent child benefits.
- Railroad Retirement Act benefits, or other benefits paid under a Federal or state law.
- Workers' compensation benefits.
- No-fault wage replacement benefits paid under a no-fault automobile insurance law.
- Salary, wages, other compensation from any employer, or income from any occupation for compensation or profit, except as described in Rehabilitative Employment below.
- Benefits from group credit or mortgage disability insurance.
- Retirement income benefits from the Company or any Company subsidiaries, except
 - The portion of any retirement benefit attributable to employee contributions.
 - The portion of any lump-sum distribution attributable to employee contributions.
 - Any retirement benefit you are eligible to receive but elect not to receive.

Other income benefits paid in a lump sum will be allocated over the time period specified in the lump-sum settlement or your life expectancy (as determined by the service representative).

Short-term disability benefit payments will not be reduced for cost-of-living increases in other income benefits.

Short-term disability benefit payments also will not be reduced by benefits from

- Employer-sponsored thrift, profit sharing, savings, stock ownership, or deferred compensation plans.
- Internal Revenue Code (IRC) Section 401(k) plans, Section 403(b) plans, Section 457 plans, or Keogh (HR-10) plans.
- Individual retirement arrangements (IRAs).
- Individual disability insurance policies.
- Accelerated benefits paid under a life insurance policy.
- Military retirement or disability benefits, unless related to the cause of the current disability.

Rehabilitative Employment

To encourage you to return to gainful employment before you fully recover from your total disability, the plan allows you to receive pay for certain work without a reduction in your plan benefits. During the period you are receiving short-term disability benefit payments, you may earn up to a maximum of 100% of your predisability earnings through a combination of your short-term disability benefits plus earnings from approved rehabilitative employment.

The service representative must approve the rehabilitation program. If the sum of rehabilitative earnings, other income benefits, and short-term disability benefits exceeds your predisability earnings, the excess will be considered other income benefits and will reduce your weekly benefit under this plan.

Exclusions

The Short-Term Disability Plan does not cover any disability directly or indirectly caused by

- Intentionally self-inflicted injury (while sane or insane).
- Committing or attempting to commit an assault, battery, or felony.
- War or any act of war (declared or not declared). The plan does, however, pay for disabilities caused by an act of war while you are traveling on business for the Company.
- Insurrection, rebellion, or taking part in a riot or civil commotion.
- Military duty other than temporary active duty of less than 31 days.

You are not considered to be disabled, and no benefits are paid for, any day you are confined in a penal or correctional institution for conviction of a crime or other public offense.

Definitions

Actively at work means you are attending to your normal duties at your assigned place of employment. On a holiday, vacation day, weekend day, or other regularly scheduled day off, actively at work means you are not ill, injured, or otherwise disabled or confined to a hospital or similar institution and are performing the normal activities of a person of your gender and age.

Physician means a legally qualified, licensed physician, with a course of treatment that is consistent with the diagnosis of the disabling condition and according to guidelines established by medical, research, and rehabilitation organizations.

Predisability earnings for a full-time employee means the amount of salary or wages (including shift, lead, and foreign and domestic pay differentials) you were receiving from the Company on the day before a period of disability started, calculated on a weekly basis. For a part-time employee, predisability earnings are based on the average weekly salary you received from the Company during the 6 weeks immediately preceding your date of disability.

Totally disabled means all of the following conditions apply to you:

- You are disabled as a result of accidental injury or illness (including a pregnancy-related condition).
- As a result, you are earning 80% or less of indexed predisability earnings (as defined above).
- Your accidental injury or illness prevents you from performing the material duties of your regular occupation or other appropriate work the Company makes available.

Weekly salary means your salary, including shift, lead, and foreign and domestic pay differentials, but excluding bonuses, overtime pay, cost-of-living allowances, incentive compensation, or other compensation you receive from the Company or a participating subsidiary. For part-time employees, benefits are determined using the average weekly salary you actually earned for the 6 weeks immediately preceding the disability date. If you have been employed by the Company for fewer than 6 weeks, the plan first figures your pay as if you were full time; your weekly salary is that amount multiplied by a percentage equal to your scheduled weekly hours divided by 40.

LIFE INSURANCE PLAN

The life insurance benefit equals 2-1/4 times your base annual salary, to a maximum of \$500,000. Your coverage amount is rounded to the next highest \$1,000 if it is not already an even \$1,000.

Your life insurance benefit is determined by the annual salary reflected in the records of the Boeing Service Center for Health and Insurance Plans.

If you are actively at work and your annual salary either increases or decreases, your life insurance benefit will change automatically on the first day of the month after or coinciding with the date the Boeing Service Center is notified of the change in your salary. If you are not actively at work on the day the coverage change would become effective, the effective date for your new coverage amount will be delayed until the first day of the month after or coinciding with the day you return to work for one full day. Any retroactive change in your annual salary will not retroactively change your life insurance coverage amount under this plan. If your period of permanent and total disability has started, a change in your annual salary will not change your benefit amount.

The total amount is payable in the event of your death from any cause at any time or place while covered. Payment is made in a lump sum or installments to the designated beneficiary. You may change beneficiaries at any time by contacting the Boeing Service Center.

If you become permanently and totally disabled before age 60 and while covered under the plan, the Company will continue to pay the premium for your coverage as long as you remain disabled.

If you become permanently and totally disabled between the ages of 60 and 65 and while covered under the plan, the Company will continue to pay the premium for your coverage until the earlier of

- Age 65, or
- Your recovery.

ACCIDENTAL DEATH AND DISMEMBERMENT PLAN

Accidental death and dismemberment benefits are provided if your loss of life, paralysis, or loss of hand, foot, eyesight, hearing, or speech is caused by a covered accident (including an occupational accident) that occurs while you are covered under the plan.

The full principal sum, \$25,000, is paid to your beneficiary if you die. This amount is in addition to any amount payable under the group life insurance coverage.

The following benefits are payable if the covered injury causes any of the following losses within 365 days after the covered accident:

| Loss of | Percentage of Principal Sum |
|-------------------------------------|-----------------------------|
| Life | 100% |
| Quadriplegia | 100% |
| Both Hands or Both Feet | 100% |
| Sight of Both Eyes | 100% |
| 1 Hand and 1 Foot | 100% |
| 1 Hand and the Sight of 1 Eye | 100% |
| 1 Foot and the Sight of 1 Eye | 100% |
| Speech and Hearing in Both Ears | 100% |
| Paraplegia | 75% |
| Hemiplegia | 50% |
| 1 Hand or 1 Foot | 50% |
| Sight of 1 Eye | 50% |
| Speech or Hearing in Both Ears | 50% |
| Hearing in 1 Ear | 25% |
| Thumb and Index Finger of Same Hand | 25% |

"Loss" of a hand or foot means the complete severance through or above the wrist or ankle joint. "Loss" of sight of an eye means the total and irrecoverable loss of the entire sight in that eye. "Loss" of hearing in an ear means the total and irrecoverable loss of the entire ability to hear in that ear. "Loss" of speech means the total and irrecoverable loss of the entire ability to speak. "Loss" of a thumb and index finger means the complete severance through or above the metacarpophalangeal joint of both digits.

"Quadriplegia" means the complete and irreversible paralysis of both upper and both lower limbs. "Paraplegia" means the complete and irreversible paralysis of both lower limbs. "Hemiplegia" means the complete and irreversible paralysis of the upper and lower limbs of the same side of the body.

"Injury" means bodily injury caused by an accident occurring while you are covered under the plan, and resulting directly and independently of all other causes in death or loss as listed above.

If you sustain more than 1 loss as the result of the same accident, no more than 100% of the principal sum will be paid.

If you are unavoidably exposed to the elements due to an accident occurring while covered under this plan, and as a result of such exposure suffer a loss for which a benefit is otherwise payable, the loss will be covered under the terms of this plan.

If your body has not been found within 1 year of the disappearance, forced landing, stranding, sinking, or wrecking of a vehicle in which you were an occupant while covered under this plan, the loss will be covered as an accidental death under the terms of the plan.

No plan benefits will be paid for a death or loss caused in whole or in part by, or resulting in whole or in part from:

- Suicide or intentionally self-inflicted injury.
- Declared or undeclared war or act of declared or undeclared war occurring in the continental limits of the United States, unless it is an act of terrorism.

("Terrorism" means any violent act intended to cause injury, damage, or fear and committed by or purportedly committed by one or more individuals or members of an organized group to make a statement of the individual's or group's political or social beliefs, concepts, or attitudes and/or to intimidate a population or government into granting the individual's or group's demands.)

- An illness, sickness, disease, bodily or mental infirmity, medical or surgical treatment, or bacterial or viral infection, regardless of how contracted, except bacterial infection resulting from an accidental cut or wound or accidental food poisoning. However, if a covered loss results from medical or surgical treatment of an injury, benefits will be provided for the loss.

SUMMARY OF TRADITIONAL MEDICAL PLAN BENEFITS

The Traditional Medical Plan is available to active employees and their dependents, as well as retired employees and their dependents until they become eligible for Medicare.

This section shows general plan features of the Traditional Medical Plan, including benefit amounts and other plan information. See the Summary of Covered Medical Services and Supplies for benefit details.

Benefit and plan payment provisions are based on a benefit year, July 1 through June 30.

Prescription drug benefits are shown in the Prescription Drug Program Summary. Vision care benefits are shown in Vision Care Program.

| | |
|---|--|
| <p>Traditional Medical Plan Schedule of Benefits</p> <p><i>The Traditional Medical Plan is administered by Regence BlueShield (the service representative).</i></p> <p><i>The mental health and substance abuse program is administered by ValueOptions (the behavioral health service representative).</i></p> | |
|---|--|

| | Network | Nonnetwork |
|--|--|--|
| Plan Features | | |
| Annual Deductible | Greater of \$200 or 0.2% of base annual salary individual / \$600 or 0.6% of base annual salary family, but not more than \$200 for any person | |
| Office Visit Copayment (deductible does not apply) | \$15 per visit | Does not apply; charges of non-network providers are subject to deductible and coinsurance |
| Coinsurance | 100% | 60% |
| Annual Out-of-Pocket Maximum (in addition to deductible) | \$2,000 individual/\$4,000 family, but not more than \$2,000 for any person | |
| Lifetime Maximum Benefit | \$1,500,000 lifetime maximum benefit applies to all covered services and supplies | |

| <i>Traditional Plan, cont.</i> | Network | Nonnetwork |
|--|--|--|
| Provider Choice | | |
| • Network Providers | Special fee arrangements with the service representative make it possible for the plan to cover a higher percentage of most network services and supplies; in most cases, the only out-of-pocket expenses are: <ul style="list-style-type: none"> Deductible, copayment, and coinsurance amounts Expenses for services and supplies not covered by the plan Any amounts that exceed plan maximum benefits | |
| • Nonnetwork Providers | In a location where qualified network providers are available, the plan covers a lower percentage of most nonnetwork services and supplies; in a location where there is no qualified network provider, the plan covers services and supplies at the network level; benefit payments are based on usual and customary charges | |
| • Providers in a Category Not Eligible to Participate in the Network | The plan covers services and supplies at 80%; you can call the service representative to find out which types of providers are network providers in a particular location; benefit payments are based on usual and customary charges | |
| Covered Services and Supplies | 100% after deductible for most covered network services and supplies, except as shown below | 60% after deductible for most covered nonnetwork services and supplies, except as shown below |
| Ambulance | 100% | See network provisions |
| Emergency Room | | |
| • True Medical Emergency | \$50 copayment (waived if admitted as an inpatient immediately following emergency room treatment) | See network provisions |
| • All Other Treatment | \$50 copayment | 60% after \$50 copayment |
| Hearing Aids | 100% up to \$600 per ear; limit 1 aid per ear every 3 benefit years Hearing aid overhaul in place of new hearing aid after 3 years | 60% up to \$600 per ear; limit 1 aid per ear every 3 benefit years Hearing aid overhaul in place of new hearing aid after 3 years |
| Hospital Services and Supplies | 100% | 60% |
| Hospital Alternatives | 100%; limits apply | 100%; limits apply |
| • Ambulatory Surgical Facility | | |
| • Christian Science Sanatorium | | |
| • Home Health Care | | |
| • Hospice Care | | |
| • Skilled Nursing Facility | | |

| <i>Traditional Plan, cont.</i> | Network | Nonnetwork |
|--|---|--|
| Mental Health Treatment (including eating disorders) | | |
| <ul style="list-style-type: none"> Covered Inpatient, Partial Hospital, Residential, or Intensive Outpatient Services | 100% when referred by the behavioral health service representative | 50% when <i>not</i> referred by the behavioral health service representative; up to 20 days per benefit year |
| <ul style="list-style-type: none"> Covered Outpatient Services | 80% when referred by the behavioral health service representative | 50% when <i>not</i> referred by the behavioral health service representative; up to 20 visits per benefit year |
| Neurodevelopmental Therapy (for children age 6 and under) | 100% up to \$1,000 each benefit year (network and nonnetwork combined) | 60% up to \$1,000 each benefit year (network and nonnetwork combined) |
| Occupational, Physical, and Speech Therapy | 100%; benefits limited to 3 months; may be extended if approved by the service representative | 60%; benefits limited to 3 months; may be extended if approved by the service representative |
| Preventive Care | | |
| <ul style="list-style-type: none"> Routine Physical Examinations (for employees and spouses) | 100% (deductible does not apply) up to \$200 maximum per person per benefit year | Not covered when received in the network service area |
| <ul style="list-style-type: none"> Well Child Benefits (for children under age 6) | 100% (deductible does not apply) | Not covered when received in the network service area |
| Smoking Cessation Treatment | 100% (deductible does not apply); \$500 lifetime maximum | |
| Spinal and Extremity Manipulations | \$15 copayment per visit up to 26 spinal and/or extremity manipulation visits per benefit year (network and nonnetwork combined) | 60% up to 26 spinal and/or extremity manipulation visits per benefit year (network and nonnetwork combined) |
| Substance Abuse Treatment | | |
| <ul style="list-style-type: none"> Covered Inpatient, Partial Hospital, Residential, Intensive Outpatient, or Outpatient Services | 100% when referred by the behavioral health service representative. Limit 2 courses of treatment lifetime maximum (network and nonnetwork combined) | 50% when <i>not</i> referred by the behavioral health service representative; \$5,000 maximum per course of treatment. Limit 2 courses of treatment lifetime maximum (network and nonnetwork combined) |
| Temporomandibular Joint Dysfunction and Myofascial Pain Dysfunction Syndrome (TMJ/MPDS) Treatment | 100% (deductible does not apply); \$500 lifetime maximum | |

Annual Deductible

The annual deductible amount applies to all covered network and nonnetwork services and supplies except network provider outpatient visits where the office visit copayment applies, preventive care, and smoking cessation treatment. The deductible also applies to retail pharmacy charges.

Office Visit Copayment

The office visit copayment applies to network provider office, home, or outpatient visits; acupuncture visits; hearing examinations; and spinal and extremity manipulation visits. The office visit copayment does not apply to preventive care visits or screening examinations, mental health or substance abuse outpatient visits, smoking cessation treatment, or allergy injections separate from a physician office visit.

Out-of-Pocket Maximum

For some services, you are required to pay a certain percent of charges, called out-of-pocket expenses.

When your out-of-pocket expenses (or when your family members' combined out-of-pocket expenses) reach the annual out-of-pocket maximum, most other benefits are paid at 100% of usual and customary charges for the rest of that benefit year, up to any maximum benefit amounts.

The following expenses do not count toward the out-of-pocket maximums:

- Any balance remaining after a benefit maximum has been reached.
- Benefits paid at a reduced amount or denied when you fail to follow medical review program procedures and requirements.
- Covered medical services for TMJ/MPDS treatment.
- Covered medical services for treatment of mental illness or substance abuse.
- Covered services for smoking cessation treatment.
- Covered medical services paid at 100% of usual and customary charges or in full.
- Deductibles.
- Expenses for services or supplies not covered by the plan.
- Hospital emergency room copayments.
- Mail service prescription drug program copayments.
- Office visit copayments.
- The difference between usual and customary charges and the provider's actual charge.

Provider Choice

Network Providers

Network providers are physicians, hospitals, and other health care providers who have contracts with the plan's service representative to provide efficient, cost-effective health care. Although you may receive care from any licensed provider covered under the plan, the plan offers certain advantages if a network provider is used.

The contracts with network providers include direct billing and payment systems. This means you do not need to submit a claim form when a network provider is used.

Nonnetwork Providers

Covered services obtained from nonnetwork physicians, hospitals, and other covered health care providers in a license category eligible to participate in the network (for example, M.D.s) are paid according to whether network providers are available in that location.

Providers in a Category Not Eligible to Participate in the Network

Certain types of providers may or may not be network providers depending on their location. The plan may not have network contracts with providers in a specific category in a particular location (such as podiatrists or chiropractors in certain locations).

Medical Review Program

The medical review program lets you and your physician know whether certain types of nonemergency care will be covered under the plan before the care is provided and the expense is incurred.

The plan pays regular benefits for certain types of nonemergency care only if the medical review program is contacted before care is received. Benefits may be limited or denied if these requirements are not followed.

Medical review program requirements do not apply if primary coverage is provided through another employer's group medical plan.

| If preadmission or prior approval is ... | Then the plan pays ... |
|--|---|
| Obtained through the medical review program | Regular benefit levels shown in the Traditional Medical Plan Schedule of Benefits |
| Required but not obtained and it is later determined that the care was medically necessary | 50% of the first \$2,000 of usual and customary charges (after the deductible) |
| Not obtained and the admission or care is not considered medically necessary under the medical review program's guidelines | No benefits; you are responsible for 100% of the charges |

Although contacting the program is not required before emergency or pregnancy-related admissions, you or your physician should contact the program soon after admission to be assured whether the rest of the confinement is covered. Hospital preadmission review for childbirth is not required for a mother and newborn for the first 48 hours following a normal delivery or 96 hours following a cesarean section.

All mental health and substance abuse treatment must be authorized by the behavioral health service representative. Emergency hospital admissions must be reported and authorized within 48 hours of the admission. Nonemergency admissions and outpatient services must be authorized in advance. If you or your provider does not obtain authorization, the plan will not cover any charges for mental health or substance abuse treatment. If authorization is obtained after treatment is provided (except the first 48 hours of an emergency admission), covered services will be paid at the nonnetwork level of benefits, even if you use a network provider.

Voluntary Second Surgical Opinion

The plan encourages you to get a second opinion before having any nonemergency surgery.

A second (or third) surgical opinion will be covered under the network/nonnetwork provider payment levels, subject to the plan's copayments and/or deductibles.

Individual Case Management

In the event of a severe or long-term illness or injury, the service representative assists your network provider in identifying treatment alternatives that offer cost-effective care and enhancements to quality of life.

SUMMARY OF COVERED MEDICAL SERVICES AND SUPPLIES

This summary applies to the Traditional Medical Plan.

Covered Services and Supplies

In general, the plan covers medically necessary services and supplies used to diagnose or treat a nonoccupational accidental injury or illness as well as medically appropriate services and supplies for certain types of preventive care and other conditions, up to plan limits.

Acupuncture

The plan covers medically necessary acupuncture for a covered illness or in place of covered anesthesia. Treatment must be provided by a licensed acupuncturist (L.A.C.), doctor of medicine (M.D.), or doctor of osteopathy (D.O.). You can contact the service representative to determine if acupuncture is covered for a particular condition.

Ambulance

Professional ambulance services are covered to transport you from the place where you are injured or become ill to the first hospital where treatment is given. These services also are covered when the physician requires an ambulance to transport you to a hospital in your area of residence to protect your health or life. Air ambulance transportation is covered when medically necessary.

Ambulance service from one hospital to another, including return, is covered only if the facility is the nearest one with appropriate regional specialized treatment facilities, equipment, or staff physicians. Ambulance transportation from or to your home is covered when medically necessary. No other expenses in connection with travel are covered.

Ambulatory Surgical Facility

The plan covers charges of an ambulatory surgical facility for treatment of a covered condition provided the services would be covered if received in a hospital. Charges of hospital-based facilities are covered as hospital services. Charges of approved free-standing facilities are covered as hospital alternatives.

Christian Science Sanatorium

Charges for a semiprivate room in a sanatorium are covered if you are admitted for the process of healing (not rest or study) and are under the care of an authorized Christian Science practitioner. If a private room in a sanatorium is used, you are responsible for the difference between the charge for the private room and the sanatorium's average charge for a semiprivate room. If the facility provides only private rooms, the plan covers up to the charge for semiprivate rooms in similar local facilities.

A Christian Science sanatorium is a facility that, at the time of the healing treatment, is operated (or listed) and certified by the First Church of Christ, Scientist, in Boston, Massachusetts.

Congenital Abnormalities and Hereditary Complications

Medically necessary services and supplies are covered when required for the treatment of congenital abnormalities and hereditary complications. This coverage applies to newborn children as well as to all other persons covered under the plan.

Cosmetic Surgery

The plan covers necessary services and supplies for cosmetic surgery only if the surgery is required for the prompt repair of an accidental injury or improvement of function due to congenital abnormality. All other surgery performed for cosmetic purposes is excluded, except as specifically provided for treatment after a mastectomy (see Reconstructive Breast Surgery on page A-27).

Dental Repair of Accidental Injury

Services and supplies for the prompt repair of sound natural teeth or other body tissues as a result of an accidental injury are covered, but only to the extent they are not covered by your Company-sponsored dental plan. This may include surgical procedures of the jaw, cheek, lips, tongue, and other parts of the mouth and treatment of fractures in the facial bones (maxilla or mandible).

Diagnostic X-Ray and Laboratory Services

Diagnostic X-ray and laboratory examinations are covered, including those in connection with a voluntary second or third surgical opinion.

Durable Medical Equipment

The plan covers the rental (or purchase, when approved by the service representative) of medically necessary durable medical or surgical equipment when prescribed by a physician. Covered equipment must be:

- Able to withstand repeated use.
- Solely for the treatment or improvement of a critical function related to the medical condition.
- Appropriate for use in the home.

Examples of covered durable medical equipment are crutches, wheelchairs, kidney dialysis equipment, standard hospital beds, oxygen equipment, and diabetic supplies and equipment such as blood glucose monitors, insulin infusion devices, and insulin pumps. Covered equipment must not be useful to a person in the absence of the medical condition.

The repair or replacement of durable medical equipment due to normal usage or change in the patient's condition, including growth of a child, also is covered.

Emergency Room

Emergency room treatment at either a network or nonnetwork facility is paid at the network level if it is a true medical emergency. A patient admitted to a nonnetwork hospital retains emergency status (and benefits are paid at the network level) for 24 hours or until the patient can be transferred safely to a network facility. However, for care at a nonnetwork facility when the condition is not a true medical emergency, covered services are paid at the nonnetwork level.

Erectile Dysfunction

Organic erectile dysfunction treatment is covered when the patient has a history of one or more of the following:

- Insulin-dependent diabetes.
- Major pelvic surgery.
- Peripheral neuropathy or autonomic insufficiency.
- Peripheral vascular disease or local penile vascular abnormalities.
- Prostate cancer.
- Severe Peyronie's disease.
- Spinal cord disease or injury.

Covered therapy includes vacuum erection devices, injection therapy, a penile prosthesis, urethral pellets, and prescription medications.

Hearing Aids

Plan benefits include cost and installation of a hearing aid when recommended in writing by a physician or certified audiologist as well as the overhaul of a hearing aid in place of a new hearing aid. Benefit periods are described in the Summary of Traditional Medical Plan Benefits.

Hemodialysis

The plan covers repetitive hemodialysis treatment for chronic, irreversible kidney disease. Covered services and supplies include the rental or lease of hemodialysis equipment.

Hemodialysis treatment and equipment are covered by the plan for the first 30 months following Medicare entitlement due to end-stage renal disease. After this 30-month period, Medicare provides primary coverage and the plan provides secondary coverage.

Home Health Care

Medically necessary home health care visits and supplies are covered if inpatient care in a hospital or skilled nursing facility otherwise would be required. In addition, you must be considered homebound, which means leaving home involves a considerable and taxing effort and public transportation cannot be used without the help of another. Benefits are limited to 120 visits each benefit year.

Home health care requires prior approval; see Medical Review Program in the Summary of Traditional Medical Plan Benefits. Before receiving home health care, the attending physician must provide a written treatment plan (a written program for continued care and treatment). Then, at least once every two months, the physician must review the treatment plan and certify that your condition and treatment continue to meet home health care criteria.

The following home health care visits and supplies are covered if provided and billed by an approved home health care agency:

- Home health aide visits.
- Medical social visits provided by a person with a master's degree in social work (M.S.W.).

- Medical supplies that would have been provided on an inpatient basis.
- Nursing visits provided by a registered nurse (R.N.) or licensed practical nurse (L.P.N.).
- Nutritional guidance by a registered dietitian.
- Nutritional supplements (such as diet substitutes) administered intravenously or through hyperalimentation.
- Occupational therapy visits provided by an occupational therapist.
- Physical therapy visits provided by a physical therapist.
- Physician services.
- Respiratory therapy visits provided by an inhalation therapist certified by the National Board of Respiratory Therapists.
- Services and supplies for infusion therapy. (Patients do not need to meet the treatment plan and homebound requirements.)
- Speech therapy visits provided by a speech therapist.

Hospice Care

Hospice care is provided to terminally ill patients in an effort to control pain and other symptoms associated with terminal illness. The plan covers these services for a patient whose life expectancy has been determined to be 6 months or less.

Hospice care requires prior approval; see Medical Review Program in the Summary of Traditional Medical Plan Benefits. Before receiving hospice care, the attending physician must provide a written treatment plan (a written program for continued care and treatment). Then, at least once every 6 months, the physician must review the treatment plan and certify that the patient's condition and treatment continue to meet hospice care criteria.

An approved hospice treatment plan may include both inpatient and outpatient care. If hospital inpatient care is approved, the plan covers hospice care on the same basis as for other types of hospital inpatient care. Skilled nursing facility or hospital outpatient care also are covered for the hospice patient on the same basis as for other patients. The plan also covers prescription drugs and durable medical equipment for hospice care on the same basis as for other types of care.

The plan covers home health care visits and supplies listed in Home Health Care above if they are part of an approved hospice treatment plan and provided and billed by an approved hospice agency. An approved hospice agency is a public or private organization that administers and provides hospice care and is either Medicare approved or operating under the direction and control of the licensing or regulatory agency in its location.

In addition, the plan covers respite care visits of 2 or more hours to provide temporary relief to family members and friends who care for the patient, up to 120 hours every 3 months.

Hospital Services

The plan covers charges for a semiprivate room and medically necessary hospital services and supplies.

The cost of a private room is covered if medically necessary. If a private room is used when it is not medically necessary, the patient is responsible for the difference between the charge for the private

room and the hospital's average charge for a semiprivate room. If the hospital provides only private rooms, the plan covers up to the charge for semiprivate rooms in similar local facilities.

Advance approval is needed for:

- Nonemergency admissions.
- Mental health and substance abuse treatment.

See Medical Review Program in the Summary of Traditional Medical Plan Benefits for more information.

Infertility

The plan covers the following services in connection with the diagnosis and treatment of infertility:

- Diagnostic tests necessary to determine the cause of infertility.
- Surgical correction of a condition causing or contributing to infertility.
- Conventional medical treatment such as office visits, laboratory services, and prescription drugs for infertility.

Mental Health and Substance Abuse Program

The Boeing mental health and substance abuse program provides benefits for mental health treatment and substance abuse treatment (including abuse of or addiction to alcohol, recreational drugs, or prescription drugs). The program is administered by the behavioral health service representative shown in the Summary of Traditional Medical Plan Benefits.

To be reimbursed under the plan, all mental health and substance abuse treatment must be determined medically necessary. When treatment is obtained from a referred provider, the plan payment levels are higher. All care is reviewed for medical necessity whether or not you contact the behavioral health service representative.

Mental Health Treatment Coverage. The plan covers medically necessary mental health treatment from any provider contracted with the behavioral health service representative, including any licensed clinical psychologist, hospital or treatment facility, psychiatric doctor (M.D.), psychiatric nurse (R.N.), or professional at the master's level or above who is licensed in the area where services are performed.

If the mental health treatment is related to, accompanies, or results from substance abuse, coverage is provided solely under substance abuse provisions.

Substance Abuse Treatment Coverage. The plan covers medically necessary alcoholism treatment and other types of substance abuse treatment at an approved treatment facility or hospital as well as physician and licensed therapist services and prescription drugs. The treatment, services, and drugs must be part of a specific treatment plan prepared by your attending physician and certified as covered under the plan. (An approved substance abuse treatment facility is one that treats chronic alcoholism and/or drug abuse that is licensed and regulated by the appropriate governmental agency in its location.)

The plan covers detoxification only if followed immediately by a rehabilitation program. To receive coverage for substance abuse treatment, you must complete the prescribed course of treatment.

Neurodevelopmental Therapy

The plan covers neurodevelopmental therapy for children age 6 or under, up to the maximum benefit shown in the Summary of Traditional Medical Plan Benefits. In-home neurodevelopmental therapy is

covered if the patient is homebound. Therapists must meet licensing or certification requirements as described below.

Neurodevelopmental therapy is physical, occupational, and speech therapy for treatment of neurodevelopmental delay. Neurodevelopmental delay means lack of development of motor or speech function not due to injury or trauma.

Occupational, Physical, and Speech Therapy

Certain types of therapy are covered, but only to the extent that the therapy will significantly restore function. To be covered, the services of a physical therapist for physical therapy, an occupational therapist for occupational therapy, and a speech therapist for speech therapy must be prescribed by a physician as to type and duration of treatment.

Services must be provided under a physician's supervision while you remain under the attending physician's care. The service representative will review the therapy periodically. Benefit determination is based on the attending physician's evaluation of the therapy as well as the therapist's progress reports. The information from the physician and therapist is then reviewed against established medical criteria to determine medical necessity.

No benefits are payable for therapy given at the therapist's discretion, elected by the covered person, for any treatment for delayed development or therapy that is solely for the purpose of slowing body degeneration rather than restoring functional improvement, custodial maintenance, self-help, recreational, or educational therapy.

Licensing and Certification Requirements Occupational, physical, and speech therapists must meet licensing or certification requirements as follows:

- The therapist must be duly licensed in the areas where services are performed and must be practicing within the scope of that license.
- In the absence of licensing requirements, the therapist must be certified as a registered:
 - Occupational therapist by the American Occupational Therapy Association.
 - Physical therapist by the American Physical Therapy Association.
 - Speech therapist by the American Speech and Hearing Association.

Oral Surgery

The plan covers certain services and supplies provided by a physician or dentist to the extent they are approved by the service representative and are not covered under a dental plan.

Orthopedic Appliances and Braces; Orthotics

Braces, splints, orthopedic appliances, and orthotic supplies are covered. This includes necessary repair and replacement required by normal usage or change in the patient's condition such as growth of a child. Orthopedic shoes, lifts, wedges, and inserts (orthotics) are covered if prescribed by a physician and custom made for the patient. These items are covered as part of the durable medical equipment benefits. Over-the-counter items will not be covered.

Oxygen and Anesthesia

The plan covers oxygen and anesthesia.

Physician Services

Services of a licensed physician generally are covered when medically necessary for the diagnosis or treatment of nonoccupational accidental injuries, illnesses, or other covered conditions.

Physician services also are covered for

- An eye examination (including refraction) if performed because of another medical condition such as diabetes, glaucoma, or cataracts (routine eye examinations are covered under the vision care program).
- Antigen, allergy vaccine, insulin, and other drugs and devices (including contraceptive injections, devices, and implants) dispensed by a physician.
- Injectable legend drugs administered in a physician's office and used to treat a covered condition.
- Preventive care.
- Voluntary second or third surgical opinions.

Other Professional Services

The plan covers certain health care services when provided either by a physician or another type of health care professional. All health care professionals must be licensed by the state where the services are performed and must be acting within the scope of that license. In the absence of licensing requirements, appropriate certification is required.

Covered health care professionals include:

- Acupuncturists (L.A.C.) for covered acupuncture services.
- Chiropractors providing covered chiropractic services.
- Christian Science practitioners listed in the current Christian Science Journal at the time they provide a service.
- Clinical psychologists and master's level therapists for mental health or substance abuse treatment for conditions covered under the plan.
- Dentists for covered dental work or surgery.
- Neurodevelopmental, occupational, physical, and speech therapists.
- Physician assistants for services that would have been covered if performed by a physician licensed as an M.D.
- Podiatrists providing covered podiatric services.
- Registered nurses (R.N.) for services that would have been covered if performed by a physician licensed as an M.D. The plan also covers intermittent visits by an R.N. when skilled care in place of hospitalization is not available through an alternative provider at a lesser cost.

Pregnancy-Related Conditions and Coverage of Newborns

Medically necessary services and supplies are covered for pregnancy-related conditions of you and your dependents if they are provided while covered under the plan.

Covered pregnancy-related conditions include normal delivery, cesarean section, spontaneous abortion (miscarriage), legal abortion, and complications of pregnancy.

Approved birthing center services are covered if they would be covered when received in a hospital. (A birthing center is a facility for normal delivery operating under the direction and control of the licensing or regulatory agency in its location.)

Group health plans and health insurance issuers generally may not, under Federal law, restrict benefits for any hospital length of stay in connection with childbirth for the mother or newborn child to less than 48 hours following a vaginal delivery or less than 96 hours following a cesarean section. However, Federal law generally does not prohibit the mother's or newborn's attending provider, after consulting with the mother, from discharging the mother or her newborn earlier than 48 hours (or 96 hours, as applicable). In any case, plans and issuers may not, under Federal law, require that a provider obtain authorization from the plan or the insurance issuer for prescribing a length of stay not in excess of 48 hours (or 96 hours).

A newborn is eligible from the date of birth if he or she qualifies as your dependent and is enrolled within applicable changes in status time frames. The following services and supplies are covered for an enrolled newborn, subject to the plan's annual deductible, copayment, and benefit payment levels:

- Routine hospital services and supplies and physician services during the first 48 hours following a normal delivery or 96 hours following a cesarean section.
- Medically necessary hospital and physician services and supplies.

Coverage of a newborn continues as long as the child remains an eligible dependent and is enrolled in the plan.

Preventive Care

The plan covers preventive care services if you use a network provider and you live in the network service area. (If you do not live in the network service area, you may use any licensed provider.) See the Summary of Traditional Medical Plan Benefits for details.

Prostheses

Artificial limbs, artificial eyes, and other prostheses to replace a missing body part are covered, including the necessary repair and replacement required by normal usage or change in the patient's condition such as growth of a child.

Radiation and Chemotherapy

The plan covers radiation therapy (including X-ray therapy) and chemotherapy.

Reconstructive Breast Surgery

Covered individuals who have had or are going to have a mastectomy may be entitled to certain benefits under the Women's Health and Cancer Rights Act of 1998 (WHCRA). For individuals receiving mastectomy-related benefits, coverage will be provided, in a manner determined in consultation with the attending physician and the patient, for:

- All stages of reconstruction of the breast on which the mastectomy was performed.
- Surgery and reconstruction of the other breast to produce a symmetrical appearance.
- Prostheses.
- Treatment of physical complications of the mastectomy, including lymphedemas.

1 These benefits are provided subject to the same deductible, copayment, and coinsurance applicable to
2 other medical and surgical benefits provided under the plan.

3 4 ***Skilled Nursing Facility***

5
6 The plan covers charges for a semiprivate room in a skilled nursing facility as well as medically necessary
7 services and supplies when provided in place of covered hospital inpatient care. Skilled nursing facility
8 services also are covered for a terminally ill patient when the illness has reached a point of predictable end.
9 Nonemergency admissions must be approved in advance; see Medical Review Program in the Summary of
10 Traditional Medical Plan Benefits.

11
12 A skilled nursing facility is an institution approved as such by Medicare. If a private room is used, you are
13 responsible for the difference between the charge for the private room and the facility's average charge
14 for a semiprivate room. If the facility provides only private rooms, the plan covers up to the charge for
15 semiprivate rooms in similar local facilities.

16 17 ***Smoking Cessation***

18
19 The plan covers smoking cessation services and supplies that are provided by a physician, another health
20 care professional who is practicing within the scope of his or her license, and an approved smoking
21 cessation provider.

22
23 However, the plan will cover the cost only if the patient completes the full course of treatment. Smoking cessation
24 treatment is subject to the benefit maximum shown in the Summary of Traditional Medical Plan Benefits.

25 26 ***Spinal and Extremity Manipulations***

27
28 The plan covers spinal and extremity manipulations by an approved provider, such as a doctor of medicine
29 (M.D.), a doctor of osteopathy (D.O.), or a chiropractic doctor (D.C.), for spinal and extremity
30 manipulations performed by hand. Multiple spinal and extraspinal manipulations performed by hand
31 during the same visit are considered 1 manipulation visit. Related services, such as an initial examination
32 and initial X-rays, also are covered.

33 34 ***Substance Abuse Treatment***

35
36 See Mental Health and Substance Abuse Program on page A-24.

37 38 ***Temporomandibular Joint Dysfunction and Myofascial Pain Dysfunction Syndrome (TMJ/MPDS)*** 39 ***Treatment***

40
41 The plan covers the following surgical and nonsurgical services and supplies to treat TMJ/MPDS when
42 provided by a physician or dentist:

- 43
44 • Appliance management, including kinesitherapy, physical therapy, biofeedback therapy, joint
45 manipulation, prescription drugs, injections of muscle relaxants, and therapeutic drugs or agents.
- 46
47 • Appliances, including night guards, bite plates, orthopedic repositioning devices, or mandibular
48 orthopedic devices.
- 49
50 • Follow-up office visits.
- 51
52 • Initial diagnostic examinations and X-rays.
- 53
54 • Surgical procedures and related hospitalizations.
- 55

56 TMJ/MPDS treatment must be approved in advance in accordance with written guidelines.

Transplants

The plan covers medically necessary services and supplies related to covered transplants. Transplants that are part of an approved clinical trial also may be covered. Contact the service representative for more information about covered services and supplies as well as maximums.

If you or your covered dependent receives a human organ or tissue transplant covered by the plan, certain donor organ procurement costs also may be covered. Benefits are limited to selection, removal of the organ, storage, transportation of the surgical harvesting team and the organ, and other medically necessary procurement costs.

Covered donor expenses are applied against the recipient's lifetime maximum benefit.

Vasectomy and Tubal Ligation

The plan covers services and supplies required for a vasectomy or tubal ligation, but not those related to a reversal.

Exclusions

Charges for the following items are deducted from a health care provider's bill before the plan pays benefits for covered services and supplies. The plan does not pay charges for or related to the following:

- Accident or illness covered by a workers' compensation law.
- Amounts exceeding allowed charges or usual and customary charges. An allowed charge is the amount that would have been paid for like services or supplies to a network provider.
- Benefits payable under any automobile medical, personal injury protection (PIP), automobile no-fault, automobile uninsured or underinsured motorist, homeowner's or commercial premises medical coverage, when that contract or insurance is issued to or provides benefits available to the patient. Any benefits paid by the plan before benefits are paid under one of these other types of contracts or insurance are to assist the patient, and do not indicate the service representative is acting as a volunteer or waiving any right to reimbursement or subrogation.
- Completion of claim forms or reports.
- Confinement or surgical, medical, or other treatment, services, or supplies received in or from a U.S. Government hospital, except as required by law.
- Counseling – career, child, family, financial, marriage, pastoral, or social adjustment.
- Custodial care as follows:
 - Care that does not require the continuing services of skilled medical or health professionals and primarily is provided to assist in activities of daily living.
 - Institutional care primarily to support self-care and provide room and board.

Custodial care includes, but is not limited to, help in walking, getting in to and out of bed, bathing, dressing, feeding, preparing special diets, and supervising medications that ordinarily are self-administered.

- Dental services except as otherwise specifically provided.
- Dyslexia, visual analysis therapy, or training related to muscular imbalance of the eye or for orthoptics. However, coverage is provided for up to six months when necessary to correct muscle imbalance (strabismus, esotropia, or exotropia) if treatment begins before the person's 12th birthday.

- Education, special education, or job training – whether or not by a facility that also provides medical or psychiatric care.
- Equipment or supplies not solely related to the medical care of a diagnosed illness or injury; examples include, but are not limited to:
 - Adjustable bed.
 - Any luxury or convenience item or supply.
 - Environmental control devices (air conditioners, purifiers, humidifiers).
 - Equipment used primarily to prevent illness or injury.
 - General exercise equipment.
 - Items designed primarily to assist a person caring for the patient.
 - Items generally useful in the absence of a medical condition.
 - Modification to home (wheelchair ramps, support railings), automobile, or van (ramps, lifts).
 - Orthopedic chair.
 - Personal hygiene items.
 - Special car seat.
 - Swimming pool, spa, or whirlpool.
- Experimental or investigational services or supplies or related complications.
- Full-body computerized axial tomography (CAT) scans or other full-body imaging.
- Hearing aid care as listed below:
 - Eyeglass-type hearing aids to the extent the charge exceeds the covered amount for hearing aids.
 - Hearing or audiometric examinations, unless disease is present; however, hearing examinations are covered if performed as part of a covered preventive care physical examination.
 - Hearing aids ordered before you become eligible for coverage or after coverage terminates.
 - Hearing aids ordered before termination of coverage but delivered more than 60 days after coverage ends.
 - Hearing aids that do not meet professionally accepted standards, including any experimental services or supplies.
 - Replacement batteries.
 - Replacement of lost, broken, or stolen hearing aids, unless the 3-year period has been exhausted.
 - Replacement parts for hearing aid repair, unless part of an overhaul after 3 years.
- Home health care and hospice care services as listed below:

| | |
|--|----|
| - Homemaker or housekeeping services. | 1 |
| - Hospice services of financial, legal, or spiritual counselors. | 2 |
| - Hospice services to other family members, including bereavement counseling. | 3 |
| - Maintenance or custodial care. | 4 |
| - Psychiatric care. | 5 |
| - Services provided by volunteers, household members, family, or friends. | 6 |
| - Social services. | 7 |
| - Supplies or services not included in the written home health or hospice care treatment plan or not otherwise covered. | 8 |
| - Unnecessary or inappropriate services, food, clothing, housing, or transportation. | 9 |
| • Infertility services or supplies not specifically covered, including but not limited to | 10 |
| - Any tests, visits, consultations, or treatment related to, leading to, or resulting in one of the noncovered services listed below. | 11 |
| - Artificial insemination. | 12 |
| - Consecutive follicular ultrasounds, cycle therapy, or corresponding laboratory tests when associated with any artificial means of conception. | 13 |
| - Embryo transfer. | 14 |
| - Fertility drugs when associated with artificial means of conception. | 15 |
| - Gamete intrafallopian transfer (GIFT). | 16 |
| - In vitro fertilization. | 17 |
| - Microinjections. | 18 |
| - Sperm preparation. | 19 |
| - Sperm separation. | 20 |
| - Zona drilling. | 21 |
| • Intentionally self-inflicted injury, unless you are under treatment for a diagnosed mental illness. | 22 |
| • Missed appointments. | 23 |
| • Nonorganic impotence such as psychosexual dysfunction. | 24 |
| • Obesity services and supplies unless approved in advance by the service representative in accordance with written guidelines. (A copy of the guidelines may be requested by calling the service representative.) | 25 |
| • Over-the-counter items, including but not limited to medications, orthopedic appliances, and braces. | 26 |

- Prescription drugs unless covered as part of a hospital stay; see the Prescription Drug Program Summary for outpatient prescription drug benefits.
 - Recovery houses, school programs, or emergency service patrols.
 - Reversal of a sterilization procedure.
 - Refractive surgery including radial keratotomy, Lasik, or other eye surgery to correct refractive errors, except when preoperative visual acuity is 20/50 or less with a lens.
 - Services or supplies the service representative determines are not medically necessary for treatment of an accidental injury, illness, or other condition covered under the plan. This includes routine physical examinations, immunizations, or other preventive services or supplies, except as specifically provided by the plan.
- Inpatient hospital care (including physician visits while hospitalized) is not considered medically necessary when the care can be provided safely in an outpatient setting – such as a hospital outpatient department, physician's office, or an ambulatory surgical facility – without adversely affecting your physical condition.
- Examples of care that generally should be provided in an outpatient setting include observation and/or diagnostic studies, surgery that can be performed on a same-day basis, and psychiatric care primarily to control or change the patient's environment.
- Services or supplies for which no charge is made or charges you or your dependent is not required to pay.
 - Services or supplies not recommended and approved by a physician or other covered health care professional or those provided before the person becomes covered under the plan.
 - Services or supplies required by law to be provided by any school system.
 - Services or supplies to the extent they are covered under any discontinued Company-sponsored plan.
 - Services or supplies covered under any Federal, state, or other government plan, except where required by law.
 - Sex transformation treatment or services.
 - Skilled nursing facility services when they are not usually provided by such facilities or are not expected to lessen the disability and enable the person to live outside the facility. However, skilled nursing facility services are covered for the terminal patient when the illness has reached a point of predictable end.
 - Transplant services or supplies as listed below:
 - Donor or procurement services or costs incurred outside the United States, unless specifically approved by the service representative.
 - Donor services or supplies when donor benefits are available through other group coverage.
 - Expenses for that portion of treatment funded by government or private entities as part of an approved clinical trial.
 - Expenses when the recipient is not covered under the medical plan.

- Experimental or investigational services or supplies unless they are part of an approved clinical trial.
- Living (necadaver) donor transplants that are not specifically authorized and covered by the medical plan.
- Lodging, food, or transportation costs, unless otherwise specifically provided under the medical plan.
- Nonhuman, artificial, or mechanical transplants, unless specifically approved by the service representative.
- Vision care (routine or refractive) except as specifically provided.
- Wigs or hair prostheses.

Definitions

Benefit Year is July 1 through June 30, annually.

Company-Sponsored Plan is a group medical or dental plan provided by the Company (or a subsidiary or affiliate) for employees and dependents. This includes the Traditional Medical Plan. (To find out whether a particular plan is Company-sponsored, contact the Boeing Service Center for Health and Insurance Plans.)

Dentist is a legally qualified dentist practicing within the scope of his or her license.

Emergency is the sudden, unexpected onset of serious illness or severe injury that could result in (or a prudent person would have reason to believe could result in) death, permanent damage or impairment of bodily function, or loss of limb use if not treated immediately. For mental health coverage, a situation is also considered an emergency when there is imminent danger to you or others, or you are medically compromised as a result of mental illness or substance abuse.

Medically Necessary Service or Supply meets the following criteria, as determined by the service representative. A service or supply may be medically necessary in part only. The fact the service or supply is furnished, prescribed, recommended, or approved by a physician does not, by itself, make it medically necessary. A service or supply is medically necessary if it is:

Appropriate as good medical practice.

- Consistent with the condition's symptom or diagnosis and treatment.
- Not able to be provided safely in an outpatient setting (for an inpatient service or supply).
- Professionally and broadly accepted as the usual, customary, and effective means of diagnosing or treating the illness, injury, or condition.
- Required to diagnose or treat your condition and the condition could not have been diagnosed or treated without it.
- The most appropriate service or supply essential to your needs.

Mental Illness is a disorder (including an eating disorder) that exhibits signs, symptoms, history, and other characteristics congruent with those required for a mental disorder diagnosis enumerated in the *Diagnostic and Statistical Manual of Mental Disorders*, 4th edition (DSM IV).

Nurse is a person duly licensed as a registered nurse (R.N.) in the area where his or her services are performed and practicing within the scope of that license.

Physician is a person licensed as a medical doctor (M.D.) or doctor of osteopathy (D.O.) duly licensed to prescribe and administer all drugs and to perform surgery.

Psychologist is a person duly licensed as a clinical psychologist in the area where his or her services are performed and practicing within the scope of that license.

Service Representative is an agent that has a contract with the Company to make benefit determinations and administer benefit payments under the plan and programs described in this summary. The Company may change a service representative at any time.

Substance Abuse is an alcohol or drug-related disorder that exhibits signs, symptoms, history, and other characteristics congruent with those required for a substance-related disorder as enumerated in the *Diagnostic and Statistical Manual of Mental Disorders*, 4th edition (DSM IV).

PRESCRIPTION DRUG PROGRAM SUMMARY

The prescription drug program described here is available to active and retired employees and dependents enrolled in the Traditional Medical Plan.

This program offers 2 coverage options for prescription drugs and medicines:

- Retail pharmacy card program – you can use the pharmacy card to facilitate reimbursement when you obtain covered prescriptions from a participating retail pharmacy.
- Mail service program – called Medco By Mail.

A formulary applies to all retail pharmacy and mail order purchases. (A formulary is a list of drugs determined to be effective in both cost and treatment and approved by the Food and Drug Administration (FDA). A nonformulary drug also may be effective for treatment, but is not as cost-effective as formulary or generic drugs. A group of practicing physicians and pharmacists routinely reviews drugs to include in the formulary. If clinical data show several drugs are equally effective, the most cost-effective drug usually is chosen. The formulary may change from time to time.)

There are 3 categories of prescription drug purchases:

- Generic – drugs that are chemically and therapeutically equivalent to their brand-name counterparts but usually cost less.
- Brand-name formulary – brand-name drugs selected for the formulary based on cost and effectiveness.
- Brand-name nonformulary – brand-name drugs not selected for the formulary.

The program includes utilization management services (see Pharmacy Management on page A-35) to help ensure cost-effective, clinically appropriate treatment.

Prescription Drug Program Schedule of Benefits

Prescription Drug Program Schedule of Benefits

The prescription drug program is administered by Medco Health Solutions, Inc. (the service representative)

| | Generic | Brand-Name Formulary | Brand-Name Nonformulary |
|--|---------|-------------------------|----------------------------|
| Participating Retail Pharmacy (up to a 34-day supply) | 90%* | 80%* | 70%* |

**Prescription Drug Program
Schedule, cont.**

| | Generic | Brand-Name Formulary | Brand-Name Nonformulary |
|--|-----------|-------------------------|----------------------------|
| Mail Service Program | \$10 | \$30 | \$60 |
| (Medco By Mail; up to a 90-day supply) | copayment | copayment | copayment |

- * Prescriptions purchased from a nonparticipating retail pharmacy will be reimbursed based on the covered charges for a participating retail pharmacy.

Retail Pharmacy Card Program

This program covers medically necessary prescription drugs required by Federal or state law to be prescribed in writing by a physician or dentist and dispensed by a licensed pharmacist. Covered prescriptions include legend drugs, contraceptive medications, smoking cessation drugs, self-administered injectable drugs, insulin, needles and syringes, test strips, lancets, and alcohol swabs.

Prior authorization may be required for certain medications.

The retail pharmacy card program covers up to a 34-day supply per prescription or refill.

Mail Service Program

The Medco By Mail program covers medically necessary prescription drugs and medicines required by Federal or state law to be prescribed in writing by a physician or dentist and dispensed by a licensed pharmacist. Covered prescriptions include legend drugs, contraceptive medications, smoking cessation drugs, self-administered injectable drugs, insulin, needles and syringes, test strips, lancets, and alcohol swabs.

Prior authorization may be required for certain medications.

Medco By Mail covers up to a 90-day supply per prescription or refill. Authorized refills are covered only after the initial order has been used. Certain controlled substances are subject to quantity limits.

Unless the physician indicates otherwise, you will receive a generic equivalent of the prescribed drug when available and permissible under the law. You also may receive a different brand that is medically equivalent.

Pharmacy Management

Specific drugs are reviewed by the prescription drug program service representative at the point of sale to determine if your prescription is covered by the plan, clinically appropriate, and consistent with usage guidelines.

Prescription Drug Program Exclusions

The following items are excluded under both the retail pharmacy card program and the mail service program:

- Any prescription filled in excess of the number prescribed by the physician or any refill after 1 year from the date of the prescription.
- Any prescription for which the person is eligible to receive benefits under another employer's group benefit plan or a workers' compensation law or from any municipal, state, or Federal program.
- Any service or supply otherwise excluded by the Traditional Medical Plan or the vision care program.
- Appliances or devices, such as blood glucose monitors or other nondrug items, including but not limited to therapeutic devices and artificial appliances. This exclusion does not apply to needles or syringes or to test strips, lancets, or alcohol swabs.

- Charges for the administration or injection of any drug.
- Delivery or handling charges.
- Drugs dispensed during an inpatient admission by a hospital, skilled nursing facility, sanatorium, or other facility.
- Experimental drugs or drugs used for investigational purposes.
- Fertility agents, unless approved by the service representative.
- Immunizing agents or allergy serum.
- Infusion therapy drugs, except as described in the home health care benefit.
- Medications to treat sexual dysfunction, unless the patient is being treated for a diagnosed medical condition.
- Obesity drugs, unless approved by the service representative.
- Over-the-counter drugs.
- Prescriptions that are not medically necessary to treat an illness, injury, or other covered condition, except as specifically provided by the program.
- Replacement of lost or misplaced prescriptions.

VISION CARE PROGRAM

The vision care program described here is available to active and retired employees and their dependents enrolled in the Traditional Medical Plan.

Vision Care Program Schedule of Benefits

The vision care program is administered by Vision Service Plan (VSP; the service representative)

| Services and Supplies | VSP Plan |
|---|--|
| Eye examinations | Paid in full after \$15 copayment for VSP network provider; up to \$50 for nonnetwork provider |
| Lenses (2): | |
| Single vision | \$50* |
| Bifocal | \$80* |
| Trifocal | \$95* |
| Lenticular | \$155* |
| Frames | \$70* |
| Contact lenses (in place of allowances for conventional lenses and frames above) | \$105* |

* VSP network providers offer a 20% discount on complete pairs of prescription glasses and a 15% discount on contact lens examinations (evaluation and fitting); you pay the VSP network provider only the excess over the amounts shown in the schedule above. Nonnetwork provider charges for lenses, frames, and contact lenses are reimbursed up to the amounts shown in the schedule above; no discount applies.

Accessing the VSP Network

VSP features a national network of licensed optometrists and ophthalmologists. These providers have contracted with VSP to provide vision care services and supplies. Although you may receive care from any covered licensed provider, the program offers certain advantages when using a network provider.

Network providers offer discounts on complete pairs of prescription glasses and on contact lens examinations (evaluation and fitting). The program pays the network provider the amounts shown in the Schedule of Benefits. You pay the excess over those amounts. Network providers also submit claims to the service representative.

Covered Vision Services and Supplies

The program covers the following vision care services and supplies (up to the amounts shown in the Schedule of Benefits):

- Complete eye examination of visual function, performed by a licensed ophthalmologist or optometrist.
- Contact lenses if elected in place of conventional lenses and frames.
- Frames required for prescription lenses.
- Prescription lenses.

Benefit Payment Levels

See the Schedule of Benefits for payment levels.

Patients incur an additional charge for noncovered lens options such as lens coatings or hardening, tints, photochromic, polycarbonate, and scratch-resistant or shatter-resistant lenses.

Other vision care services are not covered under this program, but some may be covered as a medical condition under the Traditional Medical Plan.

Benefit Limitations

Benefits are provided for one eye examination every benefit year and two sets of lenses and two frames every two years (network and nonnetwork combined). The program covers contact lenses when purchased in place of conventional lenses and frames. Any replacement of lost, stolen, or broken lenses and/or frames is subject to the two-set limit.

Vision Care Program Exclusions

The following vision care expenses are not covered:

- Corrective vision treatment of an experimental nature. (Experimental nature means a procedure or lens not used universally or accepted by the vision care profession, as determined by the service representative.)
- Costs above the maximum covered expenses.

- Lens options (such as coatings or hardening, tints, photochromic, polycarbonate, or scratch-resistant or shatter-resistant lenses).
- Medical or surgical treatment of the eye. (However, VSP network providers will offer discounts for refractive surgery.)
- Orthoptics or vision training or any associated supplemental testing; dyslexia.
- Plano lenses (less than a \pm 0.38 diopter power), nonprescription glasses, two pair of glasses instead of bifocals, or extra charge for progressive lenses in excess of the bifocal allowance.
- Services or supplies not listed as covered expenses.
- Services or supplies received more than 60 days after the service representative authorizes vision care benefits.
- Services or supplies received while not covered or lenses or frames furnished or ordered before coverage begins.
- Solutions and/or cleaning products for glasses or contact lenses.
- Special supplies, such as nonprescription sunglasses or subnormal vision aids.

OTHER MEDICAL PLANS SCHEDULES OF BENEFITS – INFORMATION ONLY

| Group Health HMIO (WA) | |
|-------------------------------------|--|
| Annual Deductible | None |
| Coinsurance | 100% after applicable copayments |
| Annual Out-of-Pocket Maximum | None |
| Lifetime Maximum Benefit | \$1,500,000 per individual |
| Emergency Room | \$50 copayment |
| Office Visit and Urgent Care | \$10 copayment per visit |
| Prescription Drugs | |
| • Participating Pharmacy | \$5 copayment generic formulary; \$15 copayment brand-name formulary; nonformulary not covered; 30-day supply |
| • Mail Service Program | \$10 copayment generic formulary; \$30 copayment brand-name formulary; nonformulary not covered; 90-day supply |
| Vision | |
| • Eye Exams | \$10 copayment for 1 exam every 12 months |
| • Frames and Lenses | \$140 allowance per pair of lenses/frames or contacts; 2 pairs every 24 consecutive months |

Nonnetwork services and supplies are not covered except for emergency care.

| | |
|--|--|
| Select Network Plan (WA) (formerly called Selections) | |
|--|--|

| | |
|-------------------------------------|---|
| Annual Deductible | None |
| Coinsurance | 100% |
| Annual Out-of-Pocket Maximum | None |
| Lifetime Maximum Benefit | \$1,500,000 per individual |
| Emergency Room | \$50 copayment |
| Office Visit and Urgent Care | \$10 copayment per visit |
| Prescription Drugs | |
| • Participating Pharmacy | \$5 copayment generic formulary; \$15 copayment brand-name formulary; \$30 copayment brand-name nonformulary; 34-day supply |
| • Mail Service Program | \$10 copayment generic formulary; \$30 copayment brand-name formulary; \$60 copayment brand-name nonformulary; 90-day supply |
| Vision | |
| • Eye Exams | \$10 copayment for 1 exam every benefit year |
| • Frames and Lenses | \$50 to \$155 limit for lenses; \$70 limit for frames; \$105 limit for contacts; 2 pairs every 2 benefit years |

Referrals to network specialists are not required.

Nonnetwork services and supplies are not covered except for emergency care.

| | |
|----------------------------|--|
| Kaiser Permanente HMO (CA) | |
|----------------------------|--|

| | |
|-------------------------------------|--|
| Annual Deductible | None |
| Coinsurance | 100% after applicable copayments |
| Annual Out-of-Pocket Maximum | \$1,500 per individual; \$3,000 per family |
| Lifetime Maximum Benefit | None |
| Emergency Room | \$25 copayment |
| Office Visit and Urgent Care | \$10 copayment per visit |
| Prescription Drugs | |
| • Participating Pharmacy | \$5 copayment generic formulary; \$15 copayment brand-name formulary; nonformulary not covered; 100-day supply |

Kaiser Permanente HMO (CA), cont.

- Mail Service Program \$5 copayment generic formulary;
\$15 copayment brand-name formulary;
nonformulary not covered; 100-day supply

Vision

- Eye Exams \$10 copayment per visit
\$200 eyewear allowance for lenses/frames or contacts
- Frames and Lenses every 24 months

Nonnetwork services and supplies are not covered except for emergency care.

Selections Plus CCP (OR)

| | Network | Nonnetwork |
|-------------------------------------|--|---|
| Annual Deductible | None | \$400 per individual |
| Coinsurance | 100% after applicable copayments | 60%; deductible applies |
| Annual Out-of-Pocket Maximum | None | \$2,000 per individual; \$4,000 per family |
| Lifetime Maximum Benefit | \$1,500,000 per individual | |
| Emergency Room | \$50 copayment | |
| Office Visit and Urgent Care | \$10 copayment per visit | 60%; deductible applies |
| Prescription Drugs | | |
| • Participating Pharmacy | \$5 copayment generic formulary; \$15 copayment brand-name formulary; \$30 copayment brand-name nonformulary; 34-day supply | Not covered |
| • Mail Service Program | \$10 copayment generic formulary; \$30 copayment brand-name formulary; \$60 copayment brand-name nonformulary; 90-day supply | Not covered |
| Vision | | |
| • Eye Exams | \$10 copayment for 1 exam every benefit year | Not covered |
| • Frames and Lenses | \$50 to \$155 limit for lenses; \$70 limit for frames; \$105 limit for contacts; 2 pairs every 2 benefit years | |

| Kaiser Permanente CCP (OR) | | |
|-------------------------------------|---|---|
| | Network | Nonnetwork |
| Annual Deductible | None | \$400 per individual |
| Coinsurance | 100% after applicable copayments | 60%; deductible applies |
| Annual Out-of-Pocket Maximum | \$600 per individual; \$1,200 per family | \$2,000 per individual; \$4,000 per family |
| Lifetime Maximum Benefit | None | \$1,500,000 per individual |
| Emergency Room | \$50 copayment | \$50 copayment |
| Office Visit and Urgent Care | \$10 copayment per visit | 60%; deductible applies |
| Prescription Drugs | | |
| • Participating Pharmacy | \$5 copayment generic formulary; \$15 copayment brand-name formulary; nonformulary not covered; 30-day supply | Not covered |
| • Mail Service Program | \$10 copayment generic formulary; \$30 copayment brand-name formulary; nonformulary not covered; 90-day supply | Not covered |
| Vision | | |
| • Eye Exams | \$10 copayment per visit | Not covered |
| • Frames and Lenses | \$250 eyewear allowance for lenses/frames or contacts every 24 months | Not covered |

TRICARE SUPPLEMENT PLAN DESCRIPTION OF BENEFITS

The plan is insured by Hartford Life and Accident Insurance Company and administered by Association & Society Insurance Corporation. The benefits described below are for illustrative purposes only and subject to change at the discretion of the plan administrator.

| | |
|--|---|
| Eligible Employees and Dependents* | <ul style="list-style-type: none"> Individuals enrolled in TRICARE (Department of Defense coverage): Military retirees and their dependents Dependents of active duty military personnel |
| Benefits Supplementing TRICARE Standard/Extra | <ul style="list-style-type: none"> 100% of annual deductible amounts 100% of military hospital subsistence charges 100% of civilian hospital coinsurance amounts 100% of outpatient services coinsurance amounts 100% of deductibles and copayments for prescription drugs 100% of charges in excess of usual and customary |

TRICARE Plan, cont.

**Benefits Supplementing
TRICARE Prime/POS**

- 100% of HMO network and pharmacy copayments
- 50% of nonnetwork deductibles
- 50% of nonnetwork coinsurance amounts
- 100% of charges in excess of usual and customary

Vision Care

- Provided through the Boeing vision care program

Coverage Ends

- For employee and spouse at age 65 or earlier entitlement to Medicare
- For dependent children at age 21 or 23 if full-time students

* Includes retired employees and their dependents who are not eligible for Medicare

PREFERRED DENTAL PLAN SUMMARY

The Preferred Dental Plan described here is available to active employees and their dependents. This plan helps you and your covered dependents pay for minor and major dental work, including routine examinations, crowns, and orthodontia.

You and your covered dependents may receive dental care from any licensed dentist or other licensed professional who is approved by the plan. However, your out-of-pocket costs generally will be lower if you use a network dentist. If you use a nonnetwork dentist, your out-of-pocket costs generally will be higher. If you live outside of the network service area, the plan generally will cover dental care at the network benefit level.

Preferred Dental Plan Schedule of Benefits

Preferred Dental Plan Schedule of Benefits
*The Preferred Dental Plan is administered by Delta Dental
(the service representative)*

| | Network | Nonnetwork* |
|--|--|--|
| Annual Deductible | \$50 per individual; \$150 per family of 3 or more (network and nonnetwork combined) | \$75 per individual; \$225 per family of 3 or more (network and nonnetwork combined) |
| Coinsurance Percentage | | |
| • Class I (diagnostic and preventive services) | 100% (deductible does not apply) | 80% |
| • Class II (restorative services using filling materials, oral surgery, periodontics, and endodontics) | 80% | 50% |
| • Class III (restorative services using crowns, inlays, and onlays; prosthodontics) | 60% | 50% |
| • Class IV (orthodontia services) | 50% (network and nonnetwork combined; deductible does not apply) | |

| <i>Preferred Dental Plan, cont.</i> | Network | Nonnetwork* |
|---|--|--------------------|
| Annual Maximum Benefit (for Classes I, II, and III)** | \$2,000 per individual (network and nonnetwork combined) | |
| Lifetime Maximum Benefit (for Class IV)*** | \$2,000 per individual (network and nonnetwork combined) | |

* If your provider is not a Delta Dental member, you pay any amounts that exceed the maximum allowable fees recognized by the plan.

** When multiple treatment dates are required, the charges apply toward the annual maximum benefit for the benefit year in which the procedure is completed. (A prosthesis is considered complete on the date it is seated or delivered.)

*** This lifetime maximum benefit for orthodontia applies to all periods during which the person is covered under any Company-sponsored dental plan.

Note: The plan reimburses 100% of a network provider's recognized fees for prompt repair of damage to sound natural teeth as a direct result of accidental bodily injury.

You and your covered dependents are responsible for paying all charges for services and supplies that the plan does not cover.

Annual Deductible

Generally, the annual deductible is the amount you must pay out of your own pocket each year before the plan begins to pay benefits for Class I services received from a nonnetwork provider and for all (network and nonnetwork) Class II and III services. The following services and supplies are excluded from the annual deductible:

- Class I services and supplies received from network providers.
- Class IV services and supplies received from network or nonnetwork providers.

This means that the plan begins to pay its coinsurance percentage immediately for these dental services. The coinsurance percentage you pay for these services (if applicable) does not count toward your annual deductible.

The plan has an individual annual deductible and a family annual deductible. If you and 3 or more of your dependents are covered under the plan, the family annual deductible limits the total annual deductible you are required to pay in any benefit year.

The annual deductibles are shown in the Preferred Dental Plan Schedule of Benefits above.

Coinurance Percentages

For many services and supplies, you and the plan each pay a percentage of the recognized fee. These percentages are called coinsurance percentages. A coinsurance percentage does not apply to

- Class I services and supplies received from network providers.
- Any amounts you pay for services and supplies that the plan does not cover.
- Any amounts that exceed the maximum allowable fees recognized by the plan.

Coinurance percentages are shown in the Preferred Dental Plan Schedule of Benefits above.

Benefit Maximums

For Classes I, II, and III, an annual maximum applies to each covered person. The annual maximum amount is shown in the Preferred Dental Plan Schedule of Benefits above. You are responsible for paying any charges over the annual maximum benefit.

For Class IV, a lifetime maximum benefit applies to each covered person. The lifetime maximum benefit amount is shown in the Preferred Dental Plan Schedule of Benefits.

Recognized Fees

This plan pays benefits based on the recognized fees. A recognized fee is the provider's charge for a covered service, up to the plan's maximum allowance. The amount of the recognized fee depends on whether you see a network or nonnetwork provider.

Under this plan, recognized fees are determined as follows:

- For a network dentist, recognized fees are network-allowed charges.
- For a member dentist who is a nonnetwork dentist, recognized fees are the fees that the dentist filed with the service representative for specific dental services and supplies. The service representative approves these fees and agrees to pay the plan's nonnetwork benefit based on them.
- For a nonmember dentist, recognized fees are the lesser of either
 - The amount charged by the dentist, or
 - The maximum allowable fee that the service representative approved for member dentists in the state where services are performed.

When alternative procedures are available, the plan covers the least expensive procedure. However, if your dentist submits satisfactory evidence to the service representative that a more expensive procedure is the only one professionally adequate for you, the plan will cover the more expensive procedure according to the appropriate benefit payment level.

Three Classes of Providers

The Preferred Dental Plan covers the charges of any licensed dental provider. The level of coverage is highest for network providers.

- Network providers are members of Delta Dental and participate in the Delta Dental preferred provider network in your state.
- Nonnetwork member providers are members of Delta Dental, but do not participate in the preferred provider network.
- Nonmember providers are not members of Delta Dental.

Covered Dental Services and Supplies

The Preferred Dental Plan covers the following services and supplies in accordance with the benefit payment levels and maximums shown in the Preferred Dental Plan Schedule of Benefits above.

Class I Covered Services and Supplies

The plan covers the following Class I services and supplies:

- Diagnostic examinations, including
 - Biopsy/tissue examinations (also called histopathic examinations).
 - Complete mouth or panoramic X-rays, once in each 5-year period.
 - Emergency examinations.
 - Examinations by a specialist if the specialty is recognized by the American Dental Association, twice in each 1-year period.
 - Routine examinations, twice in each 1-year period.
 - Comprehensive oral examinations, once in each 3-year period, which count as 1 of the 2 routine examinations in a year.
 - Supplementary bitewing X-rays, once in each 1-year period.
- Preventive care, including
 - Fissure sealants through age 14 for permanent molars with intact occlusal surfaces, no decay, and no prior restorations. The plan covers repair or replacement within a 3-year period as part of the original service. (Fissure sealants are acrylic, plastic, or composite materials that are applied topically to prevent decay by sealing developmental grooves and pits in the child's teeth.)
 - Prophylaxis (cleaning), either regular or periodontal maintenance, twice in each 1-year period.
 - Space maintainers when used to maintain space for eruption of permanent teeth.
 - Topical application of fluoride or preventive therapies (such as fluoridated varnishes), twice in each 1-year period for dependent children through age 18.

Class II Covered Services and Supplies

The plan covers the following Class II services and supplies:

- Endodontics for the following procedures once in each 2-year period on the same tooth:
 - Pulpal and root canal treatment.
 - Pulpotomy and apicoectomy.

For more information on root canals performed in connection with an overdenture, see Class III Covered Services and Supplies below.

General anesthesia or intravenous sedation, but not both, when administered by a licensed dentist in connection with certain covered

- Endodontic surgery.
- Oral surgery.
- Periodontic surgery.
- Oral surgery, including

- Preparation of the alveolar ridge and soft tissues of the mouth to insert dentures.
- Surgical and nonsurgical extractions.
- Treatment of pathological conditions and traumatic facial injuries.
- Periodontics – surgical and nonsurgical procedures to treat tissues that support the teeth, including
 - Gingivectomy.
 - Limited adjustments to occlusion (8 or fewer teeth), such as smoothing teeth or reducing cusps.
 - Osseous surgery, once in each 3-year period per area.
 - Periodontal scaling or root planing, once in each 2-year period.
 - Site-specific therapies for patients with pockets of at least 5 mm but not more than 10 mm.
- Restorative services
 - Amalgam, composite, or filled resin restorations (fillings).
 - Stainless steel crowns.
 - Composite or filled resin restorations placed in the front surface of bicuspsids.

Restorations on the same surface or surfaces of a tooth are covered once in a 2-year period. Stainless steel crowns are covered once in a 5-year period (once in a 2-year period for primary teeth).

If a composite or plastic restoration is placed on a posterior tooth, the plan covers up to the amount allowed for an amalgam restoration. If a tooth can be adequately restored with a filling material but a crown, inlay, or onlay is elected instead, the plan covers the restoration as if a filling material had been used.

The plan does not cover restorations necessary to correct vertical dimension or to alter morphology (shape) or occlusion, overhang removal, or recontouring or polishing a restoration.

The plan does not cover restorations necessary to correct vertical dimension or to alter morphology (shape) or occlusion, overhang removal, or recontouring or polishing a restoration.

Class III Covered Services and Supplies

The plan covers the following Class III services and supplies:

- Prosthodontics, including
 - A cast chrome or acrylic partial denture. If a more elaborate or precision device is used, the plan covers up to the appropriate amount for covered partial dentures.
 - A fixed bridge.
 - A full denture, immediate denture, or overdenture. For any other procedure (such as personalized restorations or specialized treatment), the plan covers up to the appropriate amount for a full denture, immediate denture, or overdenture. Root canal treatment in conjunction with overdentures is limited to 2 teeth per arch.
 - Crown buildups when approved by the service representative, once in each 2-year period.

- Denture adjustments and relines provided more than 6 months after initial placement. Later relines and jump rebases (but not both) are covered once in each 1-year period.
- Replacement of an existing prosthetic device once in each 5-year period if it is unserviceable and cannot be made serviceable. (Services to correct the device, if serviceable are covered.)
- Stayplate dentures to replace anterior teeth during the healing period or, for children age 16 or younger, to replace missing anterior permanent teeth.
- Restoration of a visibly decayed hard tooth surface (carious lesion) to a state of proper function by using crowns (including stainless steel crowns), inlays, or onlays (gold, porcelain, plastic, gold substitute casting, or a combination of these materials) once in each 5-year period. Your dentist must verify that the tooth cannot be restored with filling materials (amalgam, composite, plastic, or glass ionomer).
- Surgical placement or removal of implants or attachments to implants. Replacement is covered only after 5 years have elapsed and only if the implant or superstructure is not serviceable and cannot be made serviceable.
- Use of a crown as an abutment to a partial denture only when the tooth is decayed to the extent a crown would be required whether or not a partial denture is required.

Class IV Covered Services and Supplies

Orthodontic services and supplies are in Class IV. The plan covers

- Nightguards and occlusal splints.
- Straightening of teeth, including correction or prevention of malocclusion.

To facilitate benefit payments, your orthodontist or you should submit the treatment plan to the service representative before treatment starts.

Pretreatment Estimate

If your dental care will be extensive, you may ask your dentist to submit a request for a pretreatment estimate, called a "predetermination of benefits." This predetermination will allow you to know in advance what procedures are covered, the amount the service representative will pay toward the treatment, and your financial responsibility.

Preferred Dental Plan Exclusions

The Preferred Dental Plan does not cover the following services or supplies.

- Analgesics such as nitrous oxide, intravenous sedation, euphoric drugs, injections, prescription drugs, or application of desensitizing agents.
- Appliances or cleaning of appliances and certain restorations as follows:
 - Appliances or restorations necessary to correct vertical dimension or to alter morphology (shape) or occlusion, overhang removal, or recontouring or polishing a restoration.
 - Cleaning of prosthetic appliances.
 - Duplicate dentures, temporary dentures, personalized dentures, or crowns and copings provided in connection with overdentures.

- Fixed prosthodontics for children under age 16.
- Habit-breaking appliances.
- Replacement of a space maintainer previously covered by the plan.
- Cosmetic procedures (including laminates and tooth bleaching, whether vital or nonvital), appliances, or restorations primarily for cosmetic purposes.
- Experimental services or supplies (or related complications) – the plan does not cover experimental services or supplies whose use and acceptance as a course of dental treatment for a specific condition still are under investigation or observation. To determine whether services are experimental, the service representative uses American Dental Association guidelines and considers whether the services
 - Are in general use in the local dental community.
 - Are proven to be safe and effective.
 - Are under continued scientific testing and research.
 - Show a demonstrable benefit for a particular dental condition.
- Other dental exclusions as follows:
 - Caries (decay) susceptibility tests.
 - Charges for services or supplies that are received while the patient is not covered under the plan.
 - Consultations or elective second opinions.
 - Crowns used as abutments to a partial denture for purposes of recontouring, repositioning, or to provide additional retention, unless the tooth is decayed to the extent that a crown would be required to restore the tooth in the absence of a partial denture.
 - Crowns used to repair microfractures of tooth structure when the tooth displays no symptoms.
 - Diagnostic services or X-rays related to temporomandibular joints (jaw joints).
 - Fees for broken appointments.
 - Fees for completing insurance forms.
 - Full mouth (major) occlusal adjustment.
 - Gingival curettage.
 - Home fluoride kits.
 - Hospitalization charges or any additional dental fees associated with hospitalization.
 - Iliac crest or rib grafts to alveolar ridges.
 - Injuries or conditions covered under workers' compensation or employers' liability laws.
 - Oral hygiene or dietary instruction.

- Orthognathic surgery.
- Patient management problems.
- Periodontal splinting; any crown or bridgework provided with periodontal therapy or periodontal appliances.
- Plaque control programs.
- Porcelain or resin inlay bridges.
- Proposed treatment plan review or case presentation by the attending dentist.
- Restorations on the same surface or surfaces of a tooth within 2 years of the original service.
- Ridge extension to insert dentures (vestibuloplasty).
- Services or supplies covered by any Federal, state, or provincial government agency or provided without cost by any municipality, county, or other political subdivision or community agency. However, if government agency payments are insufficient for covered services or supplies or if benefits are provided by a government agency as an employer to its employees, dental coverage will not be excluded and will be subject to coordination of benefits.
- Services or supplies to the extent that benefits are payable for them under any motor vehicle medical, motor vehicle no-fault, uninsured motorist, underinsured motorist, personal injury protection (PIP), commercial liability, homeowner's policy, or other similar type of coverage.
- Services specifically excluded in this plan description and all other items that are not specifically included in this plan as covered dental benefits.
- Study or diagnostic models.
- Tooth transplants or materials placed in extraction to generate osseous filling.
- Treatment of temporomandibular (jaw) joints.

How Dental Coverage May Be Extended

The plan generally does not cover services or supplies that you receive while you are not covered under the plan. However, the plan will cover certain services and supplies for an additional period after the date coverage would otherwise end. These services and supplies and the conditions for extending care are described below if the dentist started the course of treatment before your coverage ends:

- A crown that is required to restore a tooth (independent of the crown's use in connection with a partial denture) if the tooth is prepared for the crown while you are covered and the crown is installed during the 31 days after your coverage ends.
- A prosthetic device (including abutment crowns of a partial denture), if the impressions are taken while you are covered, and the device is installed or delivered within 31 days after your coverage ends.
- Orthodontia care provided within 3 calendar months after your coverage ends.
- Restorative, endodontic, periodontic, and oral surgical procedures completed within 31 days after your coverage ends.

SCHEDULED DENTAL PLAN SUMMARY

The Scheduled Dental Plan described here is available to active employees and their dependents. This plan helps you and your covered dependents pay for minor and major dental work, including routine examinations, crowns, and orthodontia.

The Scheduled Dental Plan reimburses you and your covered dependents for necessary dental care received from any licensed dentist based on a schedule of maximum covered charges. Your out-of-pocket cost will vary depending on the type of treatment you receive and, in many cases, on your dentist's charges. This plan is available in all areas of the country.

Annual Deductible

Generally, the annual deductible is the amount you must pay out of your own pocket each benefit year before the plan begins to pay benefits. The deductible applies to most covered services and supplies. The following services and supplies are excluded from the annual deductible:

- Examinations, including specialist examinations and emergency oral exams.
- Fissure sealants.
- Fluoride treatments.
- Prophylaxis (teeth cleaning), including periodontal cleanings.
- X-rays.

This means that the plan begins to pay immediately for these basic dental services. Certain limits apply; see the Scheduled Dental Plan Schedule of Covered Services in this document.

This plan has an individual annual deductible and a family annual deductible. If you and 3 or more of your dependents are covered under the plan, the family annual deductible limits the total annual deductible you will be required to pay in any benefit year.

The annual deductibles are shown in the following Scheduled Dental Plan Schedule of Benefits.

Maximum Covered Charges

The plan pays the maximum covered charges listed in the Scheduled Dental Plan Schedule of Covered Services in this document for necessary dental services and supplies. If 2 or more covered services are received at the same time, the plan pays up to the scheduled benefit for each service, unless the schedule has a maximum for a particular combination of services.

In addition, certain other dental treatments may be covered even though they are not listed in the schedule; details are available from the service representative. (See Predetermination of Benefits in this document.)

Scheduled Dental Plan Schedule of Benefits

Scheduled Dental Plan Schedule of Benefits
*The Scheduled Dental Plan is administered by Aetna
(the service representative)*

| | |
|--|--|
| Annual Deductible | \$25 per individual; \$75 per family of 3 or more, but not more than |
| (based on the July 1 - June 30 benefit year) | \$25 per individual |

Scheduled Dental Plan, cont.

- Diagnostic and preventive care
- Plan pays up to the amounts listed in Scheduled Dental Plan Schedule of Covered Services
- Annual deductible does not apply to examinations, X-rays, cleaning, fluoride treatment, and fissure sealants
- Minor and major restorations
- Plan pays up to the amounts listed in Scheduled Dental Plan Schedule of Covered Services
- Endodontics and periodontics
- Annual deductible applies
- Prosthodontics
- Oral surgery
- Orthodontia

Annual Maximum Benefit \$2,000 per individual
(generally for all services and supplies, except orthodontia)*

Lifetime Maximum Benefit \$2,000 per individual
(for orthodontia)**

* When multiple treatment dates are required, the charges apply toward the annual maximum benefit for the benefit year in which the procedure is completed. (A prosthesis is considered complete on the date it is seated or delivered.)

** This lifetime maximum benefit for orthodontia applies to all periods during which the person is covered under any Company-sponsored dental plan.

Scheduled Dental Plan Schedule of Covered Services

Scheduled Dental Plan Schedule of Covered Services
The Scheduled Dental Plan is administered by Aetna (the service representative)

| American Dental Association Code | Service or Supply | Maximum Allowable Fee (\$) |
|----------------------------------|---|----------------------------|
| | Diagnostic | |
| | Examinations (limited to 1 per course of treatment) | |
| D0150 | Comprehensive oral evaluation | 48 |
| D0120 | Periodic oral exam (limited to 1 during any 6-month period) | 26 |
| D0140 | Limited oral evaluation | 37 |
| | Radiographs (X-rays) | |
| | Complete Mouth X-rays (limited to once in a 5-year period) | |
| D0210 | Intraoral (including bitewings) | 69 |
| D0330 | Panoramic (limited to once in a 36-month period) | 53 |
| | Intraoral Periapical | |
| D0220 | Single, first film | 14 |
| D0230 | Each additional film | 11 |

| American Dental Association Code | Service or Supply | Maximum Allowable Fee (\$) |
|---|---|-----------------------------------|
| <i>cont.</i> | | |
| | Bitewings (limited to once in a 12-month period) | |
| D0270 | Single film | 13 |
| D0272 | 2 films | 21 |
| D0274 | 4 films | 32 |
| | Preventive | |
| | Prophylaxis (limited to once in a 4-month period) | |
| D1110 | Age 14 and over | 58 |
| D1120 | To age 14 | 37 |
| | Fluoride Treatment (limited to once in a 6-month period) | |
| D1203/D1204 | Topical application of fluoride | 21 |
| | Fissure Sealants (to age 16) | |
| D1351 | Topical application of fissure sealants (per quadrant) | 26 |
| | Minor Restorations | |
| | Amalgam Restorations | |
| D2140 | Primary or permanent – 1 surface | 58 |
| D2150 | Primary or permanent – 2 surfaces | 74 |
| D2160 | Primary or permanent – 3 surfaces | 95 |
| D2161 | Permanent – 4 surfaces | 116 |
| D2951 | Pin Retention – exclusive of amalgam | 16 |
| | Other Minor Restorations | |
| D2330 | Resin – 1 surface anterior | 69 |
| D2331 | Resin – 2 surfaces anterior | 90 |
| D2332 | Resin – 3 surfaces anterior | 116 |
| D2335 | Resin – 4 or more surfaces anterior | 127 |
| D2391 | Resin-based composite – 1 surface (primary or permanent) | 74 |
| D2392 | Resin-based composite – 2 surfaces (primary or permanent) | 100 |
| D2393 | Resin-based composite – 3 surfaces (primary or permanent) | 127 |
| | Major Restorations | |
| | Inlays and Onlays | |
| D2510 | Gold inlay – 1 surface | 217 |
| D2520 | Gold inlay – 2 surfaces | 275 |
| D2530 | Gold inlay – 3 surfaces | 317 |
| D2542 | Metallic onlay – 2 surfaces | 379 |
| D2543 | Metallic onlay – 3 surfaces | 412 |
| D2544 | Metallic onlay – 4 surfaces | 412 |
| D2910 | Recement inlay | 32 |
| | Crowns | |
| D2720 | Resin with high noble metal | 380 |
| D2721 | Resin with predominantly base metal | 380 |
| D2722 | Resin with noble metal | 380 |
| D2740 | Porcelain/ceramic noble | 380 |
| D2750 | Porcelain fused to high noble | 380 |
| D2751 | Porcelain to predominantly base metal | 380 |
| D2752 | Porcelain fused to noble | 380 |
| D2790 | Full cast high noble metal | 380 |
| D2791 | Full cast predominantly base metal | 380 |
| D2792 | Full cast noble metal | 380 |

| American Dental Association Code | Service or Supply | Maximum Allowable Fee (\$) | |
|----------------------------------|--|----------------------------|--|
| <i>cont.</i> | | | |
| D2782 | Crown 3/4 cast noble metal | 380 | |
| D2930/D2931 | Stainless steel | 85 | |
| D2970 | Temporary (fractured tooth) | 63 | |
| D2950 | Crown buildup | 116 | |
| D2920 | Recent crown | 42 | |
| | Endodontics | | |
| D3110 | Pulp cap – direct | 32 | |
| D3120 | Pulp cap – indirect | 26 | |
| D3220 | Vital pulpotomy | 69 | |
| | Root Canal Therapy (includes treatment plan, clinical procedures, and follow-up care; excludes final restoration) | | |
| D3310 | Single rooted | 312 | |
| D3320 | Bi-rooted | 412 | |
| D3330 | Tri-rooted | 512 | |
| D3410 | Apicoectomy (performed as a separate surgical procedure) | 412 | |
| | Periodontics | | |
| | Nonsurgical Services | | |
| D0180 | Comprehensive periodontal evaluation | 74 | |
| D4910 | Periodontal prophylaxis (limited to once in a 4-month period) | 79 | |
| D9951 | Occlusal adjustment (limited) | 106 | |
| D9952 | Occlusal adjustment (complete) | 306 | |
| D4341 | Periodontal scaling and/or root planing (per quadrant) | 95 | |
| | Surgical Services | | |
| D4210 | Gingivectomy (per quadrant) | 291 | |
| D4260 | Osseous surgery (per quadrant) | 644 | |
| D4271 | Free soft tissue grafts | 417 | |
| D7340 | Vestibuloplasty | 349 | |
| | Prosthodontics | | |
| | Dentures (includes 6 months post-delivery care) | | |
| D5110/D5120 | Complete upper or lower | 481 | |
| D5130/D5140 | Immediate upper or lower | 528 | |
| D5211/D5212 | Partial upper or lower acrylic base (including any conventional clasps and rests) | 317 | |
| D5213/D5214 | Partial upper or lower, predominantly cast base with acrylic saddles (including any conventional clasps and rests) | 581 | |
| | Related Denture Services | | |
| D5410–D5422 | Denture adjustment (complete or partial) | 34 | |
| D5510 | Repair denture (no teeth damage) | 48 | |
| D5520 | Replace missing or broken tooth (per tooth) | 48 | |
| D5710–D5721 | Denture conversion | 148 | |
| D5730–D5741 | Reline denture – office | 79 | |
| D5750–D5761 | Reline denture – lab | 148 | |
| | Bridgework | | |
| D6240–D6242 | Pontic – porcelain high noble, noble, and predominantly base | 370 | |
| D6250–D6252 | Pontic – resin high noble, noble, and predominantly base | 370 | |
| D6930 | Recent bridge | 63 | |

| American Dental Association Code | Service or Supply | Maximum Allowable Fee (\$) |
|---|--|-----------------------------------|
| cont. | | |
| | Oral Surgery | |
| | Extractions (includes local anesthesia and routine postoperative care) | |
| D7140 | Extraction, erupted tooth or exposed root | 63 |
| D7210 | Erupted tooth | 127 |
| D7220 | Impacted tooth – soft tissue | 143 |
| D7230 | Impacted tooth – partially bony | 185 |
| D7240 | Impacted tooth – completely bony | 227 |
| D7250 | Root recovery (per tooth) | 132 |
| | Related Oral Surgical Procedures | |
| D7310 | Alveoplasty – per quadrant | 106 |
| D7510 | Incision and drainage of abscess – intraoral | 85 |
| D7960 | Frenectomy (separate procedure) | 190 |
| | General Anesthesia (not covered when provided at a hospital) | |
| D9220 | First 30 minutes | 185 |
| D9221 | Each additional 15 minutes (or major fraction thereof) | 63 |
| | Orthodontia | |
| | (coverage for employees and dependents) | |
| | 50% of covered charges to a lifetime maximum benefit of \$2,000 per individual | |

In addition to the limits shown in the schedule above, the plan also limits the following services and supplies:

- Replacement of dentures and bridgework is covered once in a 5-year period if it is unserviceable and cannot be made serviceable.
 - Replacement of temporary denture or bridgework with permanent denture or bridgework is covered only if necessary and occurs within 12 months from the date the temporary denture or bridgework is installed.
- Fissure sealants are covered to age 16 only for permanent molars with chewing surfaces intact, no caries (decay), and no restorations. Repair or replacement of a fissure sealant within 3 years is considered part of the original service.

Predetermination of Benefits

Before you receive expensive dental treatment or services and supplies not listed in the Scheduled Dental Plan Schedule of Covered Services, you or your dentist should request a predetermination of benefits under the plan. This is a review by the service representative of your dentist's description of planned treatment and expected charges, including charges for related services.

The service representative will tell you in advance which procedures the plan will cover, the amount that the plan will pay toward treatment, and your out-of-pocket costs. The amount covered will be consistent with the allowances listed in the Scheduled Dental Plan Schedule of Covered Services.

Scheduled Dental Plan Exclusions

The Scheduled Dental Plan does not cover the following services or supplies:

- Anesthetics, administration of anesthetics, or anesthetic supplies or drugs, except general anesthesia when medically necessary.

- Charges that would not have been made if no dental plan existed, or charges that you or your dependents are not required to pay.
- Costs that exceed the allowances listed in the Scheduled Dental Plan Schedule of Covered Services or the usual and customary fee as determined by the service representative.
- Experimental services or supplies (or related complications) whose use and acceptance as a course of dental treatment for a specific condition still are under investigation or observation. To determine whether services are experimental, the service representative uses American Dental Association guidelines and considers whether the services
 - Are in general use in the local dental community.
 - Are proven to be safe and effective.
 - Are under continued scientific testing and research.
 - Show a demonstrable benefit for a particular dental condition.
- Fees for completing claim forms.
- Fees for missed appointments.
- Fees that are not reasonable for the services performed.
- Injuries or conditions covered under a workers' compensation law.
- Myofascial pain dysfunction syndrome.
- Orthodontia treatment, including correction or prevention of malocclusion, except as specifically provided for under the plan.
- Periodontal splinting and bridgework.
- Procedures (including personalization or characterization of dentures) primarily or partly for cosmetic purposes.
- Replacement of a lost or stolen prosthetic appliance or an appliance damaged by abuse, misuse, or neglect.
- Services or supplies received because of past or present service in the armed forces of a government.
- Services or supplies received while the patient is not covered under the plan.
- Services or supplies that are paid or provided under government law. (However, if the government, as an employer, provides benefits to its employees, dental coverage will not be excluded and will be subject to coordination of benefits.)
- Temporomandibular joint treatment.
- Treatment by a professional other than a dentist or licensed dental hygienist under the supervision and direction of the dentist.
- Treatment of an injury or illness that is not necessary or is not recommended or approved by the attending dentist.

How Dental Coverage May Be Extended

The plan generally does not cover services and supplies that you receive while you are not covered under the plan. However, the plan will cover certain prosthetic devices and crowns described below:

- Prosthetic device (including abutment crowns of a partial denture) if the impressions are taken while you are covered and the device is delivered and installed within two months after your coverage ends.
- Crown that is required for restoring a tooth (independent of the crown's use in connection with a partial denture) if the tooth is prepared for the crown while you are covered and the crown is placed within two months after your coverage ends.

PREPAID DENTAL PLAN DESCRIPTION OF BENEFITS

The Prepaid Dental Plan is administered by Delta Dental
(the service representative)

Participating Providers

- Necessary Care You select a participating provider to supply necessary dental care for you and your covered dependents
- Orthodontic Care Orthodontic care may be obtained from any licensed dentist

Payment Levels

- Necessary Care Covered dental services are provided at no cost to you and your covered dependents
- Optional Treatment You are responsible for charges above the cost of standard covered services
- Orthodontic Care The plan pays 50% of covered charges for orthodontic services
- Emergency Care The plan pays up to \$50 of reasonable charges for out-of-area emergency services and supplies

Lifetime Maximum Benefits

- Necessary Care No lifetime maximum applies
- Orthodontic Care \$2,000 per individual

COORDINATION OF BENEFITS

If you or your dependent has medical, dental, or other health coverage in addition to being covered under these medical and dental plans, the following rules govern coordination of benefits with the other coverage. Other coverage includes, whether insured or uninsured, another employer's group benefit plan, other arrangement of individuals in a group, Medicare (to the extent allowed by law), individual insurance or health coverage, and insurance that pays without consideration of fault.

The service representative has the right to obtain and release any information or recover any payment it considers necessary to administer these provisions.

Order of Payment

The primary plan pays its benefits first and pays its benefits without regard to benefits that may be payable under other plans. When another plan is the primary plan for health care coverage, the secondary plan pays

the difference between the benefits paid by the primary plan and what would have been paid had the secondary plan been primary.

- A plan is considered primary if
 - It has no order of benefit determination rules.
 - It has benefit determination rules that differ from coordination of benefit rules under state regulations or, if not insured, that differ from these rules.
 - All plans that cover an individual use the same coordination of benefit rules, and under those rules, the plan is primary.
- If the aforementioned rules do not determine which group plan is considered primary, this plan applies the following coordination of benefit rules:
 - A plan that covers a person as an employee, retiree, member, or subscriber pays before a plan that covers the person as a dependent.
 - A plan that covers a person as an active employee or dependent of an active employee is primary. The plan that covers a person as a retired, laid-off, or other inactive employee or as a dependent of a retired, laid-off, or other inactive employee is secondary.
 - If a dependent child is covered under both parents' group plans, the child's primary coverage is provided through the plan of the parent whose birthday comes first in the calendar year, with secondary coverage provided through the plan of the parent whose birthday comes later in the calendar year.
 - If a dependent child's parents are divorced or separated and a court decree establishes financial responsibility for the health care coverage of the child, the plan of the parent with such financial responsibility is the primary plan of coverage. If the divorce decree is silent on the issue of coverage, the following guidelines are used:
 - The plan of the parent with custody pays benefits first.
 - The plan of the spouse of the parent with custody pays second.
 - The plan of the parent without custody pays third.
 - The plan of the spouse of the parent without custody pays fourth.
 - If none of the aforementioned rules establishes which group plan should pay first, then the plan that has covered the person for the longest period is considered the primary plan of coverage.
 - Continuation coverage under the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA), as amended, always is secondary to other coverage, except as required by law.
 - If an employee or dependent is confined to a hospital when first becoming covered under this plan, this plan is secondary to any plan already covering the employee or dependent for the eligible expenses related to that hospital admission. If the employee or dependent does not have other coverage for hospital and related expenses, this plan is primary.

Benefits under a Company-sponsored medical or dental plan are not coordinated with benefits paid under any other group plan offered by the Company. You can receive benefits from only 1 Company-sponsored medical or dental plan. However, when dental services performed by

a licensed dentist also are covered under the medical plan, the dental plan pays its benefits first and the medical plan is secondary.

Federal rules govern coordination of benefits with Medicare. In most cases, Medicare is secondary to a plan that covers a person as an active employee or dependent of an active employee. Medicare is primary in most other circumstances.

Medical Plans

The primary plan pays benefits without regard to any other plan. When the Company-sponsored plan is secondary, it adjusts benefits so that the total payable under both plans for expenses covered under the Company-sponsored plan is not more than would be payable under the Company-sponsored plan. Neither plan pays more than it would without coordination of benefits.

Plan means any plan providing medical, dental, vision care, hearing aid benefits, or treatment under individual insurance, group insurance, or any other coverage for individuals in a group, whether on an insured or uninsured basis.

Treatment of end-stage renal disease is covered by the Company-sponsored plan for the first 30 months following Medicare entitlement due to end-stage renal disease, and Medicare provides secondary coverage. After this 30-month period, Medicare provides primary coverage and the Company-sponsored plan provides secondary coverage.

Coordination of benefit provisions of Company-sponsored coordinated care plans and HMO plans vary by plan.

Dental Plans

Benefits payable under the Company-sponsored dental plans take into account any coverage (including orthodontic coverage) you or your eligible dependents have under other plans.

Plan means any plan providing medical, dental, vision care, hearing aid benefits, or treatment under group insurance or any other coverage for individuals in a group, whether on an insured or uninsured basis. However, plan excludes any medical plan sponsored by the Company. This means the dental plans pay first when dental expenses performed by a dentist also are covered by any medical plan sponsored by the Company.

The dental plans pay regular benefits in full or a reduced amount which, when added to benefits payable by another plan, equals 100% of allowable expenses.

WHEN AN INJURY OR ILLNESS IS CAUSED BY THE NEGLIGENCE OF ANOTHER

In some situations, you or a covered dependent may be eligible to receive, as a result of an accident or illness, health care or disability benefits from an automobile insurance policy, homeowner's insurance policy or other type of insurance policy, or from a responsible third party. In these cases, this plan will pay benefits if the covered person agrees to cooperate with the service representative in administering the plan's subrogation rights.

If a person covered by this plan is injured by another party who is legally liable for the medical or dental bills or disability income, he or she may request this plan to pay its regular benefit on his or her behalf. In exchange the covered person agrees to:

- Complete a claim and submit all bills related to the injury or illness to the responsible party or insurer.
- Complete and submit all of the necessary information requested by the service representative.

- Reimburse the plan if he or she recovers payment from the responsible party or any other source.
- Cooperate with the service representative's efforts to recover from the third party any amounts this plan pays in benefits related to the injury or illness, including any lawsuit brought against the responsible party or insurer.

This provision applies whenever you or a covered dependent is entitled to or receives benefits under this plan and is also entitled to or receives compensation or any other funds from another party in connection with that same disability or medical condition, whether by insurance, litigation, settlement, or otherwise. The plan is entitled to such funds to the extent of plan benefits paid to or on behalf of the individual, whether or not the individual has been "made whole," and without regard to any common fund doctrine. This plan may recover such funds by constructive trust, equitable lien, right of subrogation, reimbursement, or any other equitable or legal remedy.

If an individual fails, refuses, or neglects to reimburse the plan or otherwise comply with the requirements of this provision, or if payments are made under the plan based on fraudulent information or otherwise in excess of the amount necessary to satisfy the provisions of the plan, then, in addition to all other remedies and rights of recovery that the plan may have, the plan has the right to terminate or suspend benefit payments and/or recover the reimbursement due to the plan by withholding, offsetting, and recovering such amount out of any future plan benefits or amounts otherwise due from the plan to or with respect to such individual. The plan also has the right in any proceeding at law or equity to assert a constructive trust, equitable lien, or any other equitable or legal remedy or recovery, against any and all persons who have assets that the plan can claim rights to. The plan has the right of first recovery from any judgment, settlement or other payment, regardless of whether the individual has been "made whole," and without regard to any common fund doctrine.

TERMINATION OF COVERAGE

Life Insurance Coverage

Life insurance coverage stops on the date your active employment terminates.

You may convert your life insurance coverage to an individual life insurance policy. This individual policy will be issued, without medical examination, at the insurer's regular rates. The amount of life insurance converted cannot exceed the amount in force on the date insurance terminates.

To apply for conversion, you must complete the appropriate application and make your first premium payment to the service representative within 31 days after the date coverage ends or the date the Boeing Service Center provides written notice of your conversion rights (provided the notice is sent within 90 days of when coverage ends), whichever is later.

If, after an individual conversion policy is issued, benefits under the Life Insurance Plan are continued due to total disability, the individual policy must be surrendered without claim other than the return of paid premiums.

If you die during your conversion period, a life insurance benefit is payable equal to the amount you could have converted to an individual policy.

Accidental Death and Dismemberment

Accidental death and dismemberment coverage stops on the date your active employment terminates.

Short-Term Disability Coverage

Short-term disability coverage stops on the date your active employment terminates.

Medical Coverage

Medical coverage for you and your dependents stops at the end of the calendar month your active employment terminates or the end of the last month required contributions are paid, whichever occurs first. If earlier, your dependent's coverage stops at the end of the month in which he or she no longer qualifies as a dependent.

However, coverage may be continued under certain circumstances as specified below. Any required contributions must be paid during these periods for coverage to continue.

If you are terminating employment, the service representative will make available an individual program of medical benefits similar to those then being issued for group conversion. The benefits provided under the individual plan will not exactly duplicate the benefits provided under this group medical plan. This conversion privilege is also available to your covered dependents who cease to qualify under the group policy and to surviving covered dependents if you die. No evidence of insurability is required.

Dental Coverage

Dental coverage for you and your dependents stops at the end of the calendar month your active employment terminates. If earlier, your dependent's coverage stops at the end of the calendar month in which he or she no longer qualifies as a dependent.

However, coverage may be continued under certain circumstances as specified below. Any required contributions must be paid during these periods for coverage to continue.

Retirement

If you are eligible for, and enroll in, the Retiree Medical Plan, medical coverage for you and your dependents ends at the end of the month following the month in which your active employment ends.

Change in Eligible Class of Employment

When you remain employed by the Company but no longer in the class eligible for coverage under this Package, coverage for you and your dependents stops at the end of the month in which your transfer is effective. If you become totally disabled before coverage ends under the Package, the life insurance, accidental death and dismemberment, and short-term disability benefits of the Package, which would have continued if you had stayed in the eligible class, will continue according to the terms governing benefits during leaves of absence instead of all other Company life insurance, accidental death and dismemberment, and disability benefits.

Continuation of Medical and Dental Coverage (COBRA)

If medical and dental coverage for you and your dependents (including a same-gender domestic partner and his or her children) otherwise would terminate due to one of the following reasons, these benefits may continue for specified periods under Public Law 99-272, Title X, as amended, if the individual makes a timely request to the Company and pays the required contribution.

- Reduction in hours or termination of employment for any reason.
- Your death.
- Your divorce or dissolution of a same-gender domestic partner relationship.
- A dependent child ceasing to be a dependent as defined under this Package. (A child eligible to be continued under the Package's incapacitated child provision will still be considered to have dependent status.)
- Your dependent's loss of eligibility because you became eligible for Medicare.

If you are laid off, the Company will contribute to the cost of COBRA medical and dental coverage for you and your dependents. Company contributions will continue at the same rate as for active employees until you are covered by any other group medical or dental plan either as an active employee or as a dependent, but in no event beyond the expiration of the COBRA period or 3 months after the date of layoff, whichever occurs first.

If you die (other than from an industrial accident), the Company will contribute to the cost of your dependents' COBRA medical and dental coverage for up to 12 months. Your dependents' contributions for the first 12 months of COBRA medical and dental coverage will be the same as for dependents of active employees.

If you die from an industrial accident, the Company will contribute to the cost of your dependents' COBRA medical and dental coverage for up to 36 months. Your dependents' contributions for COBRA medical and dental coverage will be the same as for dependents of active employees.

LEAVES OF ABSENCE

When you are absent with leave, coverage may continue as follows; any required contributions must be paid during these periods for coverage to continue.

Approved Medical Leaves of Absence

If you are eligible for coverage and begin an approved medical leave of absence due to a total disability, you are eligible for the Package the same as an active employee until the last day of the calendar month in which your leave began. (Your eligible dependents also are eligible for medical and dental benefits.)

If you are totally disabled and remain on an approved medical leave of absence that extends beyond this period, your life insurance, accidental death and dismemberment, short-term disability, medical, and dental benefits (and dependent medical and dental benefits) continue up to 6 full consecutive calendar months during the approved medical leave with Company contributions.

If the approved medical leave extends beyond this 6-month period due to continuous total disability, your medical coverage continues for up to an additional 24 months with Company contributions. Medical coverage ends earlier if you become eligible for Medicare or are no longer considered totally disabled. You also may continue the life insurance, accidental death and dismemberment, and dental benefits (and medical and dental benefits for eligible dependents) during this time by paying 100% of the cost of coverage on or before the tenth day of the month in which they are due.

If you or your covered dependent is considered disabled by Social Security during the seventh or eighth month of the absence, you may continue medical and dental coverage for yourself and eligible dependents for up to 5 additional months by paying 150% of the cost of coverage.

Medical and dental coverage continued after the sixth calendar month of medical leave is considered COBRA continuation coverage.

Other Approved Leaves of Absence

If you are eligible for coverage and begin an approved leave of absence, you are eligible for the Package the same as an active employee until the last day of the calendar month in which your leave began. (Your eligible dependents also are eligible for medical and dental benefits.)

If the approved leave extends beyond this time, your life insurance, accidental death and dismemberment, short-term disability, medical, and dental benefits (and dependent medical and dental benefits) continue for up to 3 full consecutive calendar months with Company contributions.

After this 3-month period, you may continue medical and dental coverage for up to an additional 21 months by self-paying 100% of the cost of coverage; this is considered COBRA continuation coverage. You also may continue life insurance coverage for the duration of the approved leave of absence by self-paying 100% of the cost of coverage.

Family and Medical Leave Act of 1993

If the required coverage for family and medical leaves of absence under the Family and Medical Leave Act of 1993 is more generous than that already described here, the Company provides any required additional coverage under its group health plans.

Uniformed Services Leave of Absence

If you take a leave of absence for service in the U.S. uniformed services (including the military, National Guard, and the Commissioned Corps of the Public Health Service), you are covered under the Package until the end of the month in which your leave began. If you remain on an approved leave of absence, coverage under the Package continues until the end of the third full calendar month of the leave as if you were an active employee on an approved nonmedical leave of absence.

If uniformed service extends beyond 3 months, you will be enrolled for COBRA coverage automatically as of the beginning of the fourth full calendar month of your leave. You may continue COBRA coverage for an additional 21 months while your uniformed services leave continues, in accordance with your rights under the Uniformed Services Employment and Reemployment Rights Act (USERRA).

During a temporary period after September 11, 2001, military leave of absence can be extended for a total of 60 months, based on military orders. Your life insurance, medical, and dental coverage continue during this period. The cost of coverage during this 60-month period is the same as for active employees.

Your COBRA continuation period runs concurrently with coverage during USERRA leave.

If you return to active employment promptly after uniformed service, according to USERRA, the Package is reinstated on the date you return to the active payroll.

Changes in Leave Types

If your type of leave changes from a medical leave of absence to a nonmedical leave of absence (or vice versa), your periods of leave will be considered separate leaves of absence. However, if the type of your nonmedical leave of absence changes (for example, from family leave to personal leave), your maximum period of coverage in your new leave category will be reduced by the number of days or months for which you already received an extension of your active coverage.

Successive Periods of Leaves of Absence

Two medical leaves of absence separated by less than 30 days of continuous work are considered 1 leave of absence unless the second leave is due to entirely unrelated conditions.

ATTACHMENT B

**GROUP BENEFITS PACKAGE
FOR EMPLOYEES REPRESENTED
BY SPEEA**

Retiree Medical Plan

November 15, 2005

ATTACHMENT B

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ELIGIBILITY

You are eligible for the Retiree Medical Plan if you retire from the service of the Company under the Company-sponsored retirement plan as follows:

- You are an active employee and age 55 or older with 10 or more years of vesting service under a Company-sponsored retirement plan.
- You are disabled, become eligible for disability benefits under the Company-sponsored retirement plan, and are age 50 or older with 10 or more years of vesting service at retirement.
- You are on an approved leave of absence, you are age 55 or older with 10 or more years of vesting service at retirement, and you retire under the Company-sponsored retirement plan directly from your approved leave of absence.
- You are on layoff, you are at least age 55 with 10 or more years of vesting service at retirement, and you retire under the Company-sponsored retirement plan within 6 years following your layoff.

If you are eligible for retiree medical coverage as described above, you can defer your retiree medical coverage or receipt of your retirement plan benefit. See Effective Date of Retiree Medical Coverage and the Deferred Enrollment section of Retiree Medical Plan Enrollment for more information.

If you are hired on or after January 1, 2007, you will not be eligible for retiree medical coverage when you retire from the Company. For purposes of determining Retiree Medical Plan eligibility, you are considered to be hired before January 1, 2007, if:

- You are on an authorized leave of absence on December 31, 2006, and return to active employment directly from that authorized leave of absence.
- You are on layoff on December 31, 2006, and return to active employment within 6 years following your layoff.
- You are an active employee on December 31, 2006, go on an authorized leave of absence, and return to active employment directly from that authorized leave of absence.
- You are an active employee on December 31, 2006, are laid off, and return to active employment within 6 years following your layoff.

You are no longer eligible for coverage under the Retiree Medical Plan after attaining age 65 or becoming eligible for Medicare.

Eligible Dependents of Retired Employees

Dependents eligible for the Retiree Medical Plan are your legal spouse and children (natural children, adopted children, children legally placed with you for adoption, and stepchildren) who are under age 25, unmarried, and dependent on you for principal support, including children who are attending school.

You may request coverage for the following dependents:

- A common law spouse if the relationship meets the common-law requirements for the state where you entered into the common-law relationship.
- Other children, as follows, who are under age 25, unmarried, and dependent on you for principal support, including children who are attending school:

- Children who are related to you either directly or through marriage (e.g., grandchildren, nieces, nephews).
- Children for whom you have legal custody or guardianship (or for whom you have a pending application for legal custody or guardianship) and are living with you.

Annual certification of eligibility is required to continue coverage from age 19 through age 24.

In accordance with Federal law, the Company also provides medical coverage to certain dependent children (called alternate recipients) if the Company is directed to do so by a qualified medical child support order (QMCSO) issued by a court or state agency of competent jurisdiction.

Documentation is required to request coverage for a child named in a QMCSO or a child for whom you have been given legal custody or guardianship, and may be required for a spouse.

Special Provisions

If you or any of your dependents is covered or becomes covered (or eligible for benefits by reason of having been covered) under another Company-sponsored plan providing medical benefits, that person is not eligible for the Retiree Medical Plan. If you and your spouse are both employed by or retired from Boeing, you each must be covered by your own Boeing-sponsored medical coverage. However, if your spouse is a part-time Boeing employee or on an approved leave of absence or layoff, your spouse and eligible children are considered eligible dependents if other Boeing coverage is waived. If your spouse and eligible children are covered under your spouse's Boeing-sponsored plan, they will be considered eligible for the Retiree Medical Plan at the time they no longer are eligible for coverage under your spouse's plan.

No person may be covered both as a retired employee and as a dependent, and no person will be considered as a dependent of more than 1 retired or active employee.

Upon your death, your spouse and any other covered dependents remain eligible for coverage under the Retiree Medical Plan until the earliest of these dates:

- Your spouse or other dependent attains 65 years of age.
- Your spouse or other dependent becomes eligible for Medicare.
- The end of the last month for which contributions are paid.

Incapacitated Children

A disabled child age 25 or older may continue to be eligible if he or she is incapable of self-support due to any mental or physical condition that began before age 25. The child must be unmarried and dependent on you for principal support. Coverage may continue under the Retiree Medical Plan for the duration of the incapacity as long as you continue to be enrolled in the plan and the child continues to meet these eligibility requirements.

Special applications for coverage are required for disabled dependent children age 25 or older.

RETIREE MEDICAL PLAN ENROLLMENT

Initial Enrollment

You and your eligible dependents automatically will be enrolled at the time you become eligible, provided you pay any required contributions. You and your dependents will be enrolled in the same plan as immediately before retirement, if available.

You may elect to change medical plans by calling the Boeing Service Center within 31 days of the date you retire. The Company will supply enrollment instructions at the time of your retirement.

All family members, including you, must be enrolled in the same medical plan.

Spouse Coverage

Each retired employee enrolling a spouse must provide information regarding coverage available through another employer to determine whether special contributions are required to enroll the spouse. If you do not authorize a required contribution, your spouse will not be enrolled for medical coverage. You will not be able to enroll your spouse until the date your spouse loses the option to be covered under the other employer-sponsored medical plan.

The Company will require periodic verification of data.

Deferred Enrollment

If you decline enrollment in the Retiree Medical Plan because of other employer-sponsored health care coverage (such as through your spouse's employer), you may be able to enroll yourself and your eligible dependents in the Company-sponsored Retiree Medical Plan at a later date as long as enrollment is within 60 days after other coverage ends.

- If you are not enrolled in the Company-sponsored Retiree Medical Plan and have a new dependent as a result of an event such as marriage, birth, adoption, or placement for adoption, you may enroll yourself, your spouse, and any dependent children during the year as long as enrollment is requested within 60 days after the event by contacting the Boeing Service Center.
- If you are enrolled in the Retiree Medical Plan and have a new dependent as a result of marriage, birth, adoption, or placement for adoption, you may enroll your new dependent during the year as long as enrollment is requested within 120 days after the qualified event. See Changes in Status below for more information.
- If you are enrolled in the Retiree Medical Plan and have not enrolled your eligible dependents because of other employer-sponsored health care coverage, you may be able to enroll your eligible dependents in the Company-sponsored Retiree Medical Plan at a later date as long as enrollment is within 60 days after the other coverage ends. The coverage loss must be due to loss of eligibility for the health care coverage (including from divorce, legal separation, death, termination of employment, or reduction in hours of employment), termination of employer contributions toward such coverage, or reaching the other plan's lifetime maximum benefit.

Transfer Between Plans

Transfer between plans is permitted only during authorized annual enrollment periods or following a change of residence.

- Annual enrollment period.

The Company establishes an annual enrollment period on or before July 1 each year when you may change medical plans.

- Change of residence.

If you move out of an HMO or coordinated care plan service area, you have 60 days to select a medical plan available in the new location by calling the Boeing Service Center. It is your responsibility to notify the Company of the change in residence within the 60-day period.

Changes in Status

You will not be able to make dependent enrollment changes until the next annual enrollment period unless you experience one of the status changes described in this section. Any change in enrollment must be consistent with the status change. To be consistent, the event must cause you or your family member to gain or lose eligibility for Company-sponsored health care coverage or health care coverage sponsored by your eligible dependent's employer, and the election change must be on account of and correspond with your or your family member's gain or loss of eligibility. Status changes include the following:

- You acquire a new, eligible dependent through marriage, birth, adoption, or placement for adoption.
- You lose a dependent through divorce, legal separation, or annulment of your marriage.
- Your covered dependent dies.
- Your covered dependent starts or stops working.
- Your covered dependent has any other change in employment status that affects eligibility for coverage such as changing from full time to part time (or part time to full time), salaried to hourly (or hourly to salaried), strike or lockout, or beginning or returning from a leave of absence.
- You change from retired employment status to active employment status and become eligible for another health care plan.
- You or your covered dependent experiences a significant increase in the cost of employer-sponsored health care coverage or the employer-sponsored health care coverage ends, including expiration of COBRA coverage.
- The Company adds a new benefit option or significantly improves an existing benefit option.
- You or your covered dependent experiences a significant curtailment or cessation of employer-sponsored health care coverage.
- You or your covered dependent becomes eligible or ineligible for Medicare or Medicaid.
- Your dependent child becomes eligible for, or no longer is eligible for, health care coverage due to age limits, principal support status, or a similar eligibility requirement.
- Your covered dependent makes an enrollment change in his or her employer-sponsored health care coverage, either because of a qualified change in status or an annual enrollment.
- You or your covered dependent changes place of residence or work, affecting access to care within the current plan.

You also may change an election to comply with a qualified medical child support order (QMCSO) to provide or cancel coverage for a child resulting from a divorce, annulment, or change in legal custody.

If you are eligible to add new dependents, you must request the dependent enrollment change within 60 days after the qualified event. You can enroll a new dependent within 120 days following your marriage or your dependent child's birth, adoption, or placement for adoption. Enrollment may be requested by calling the Boeing Service Center. To request enrollment for a new dependent more than 60 days but within 120 days after marriage, birth, adoption, or placement for adoption, you must call the Boeing Service Center and speak with a customer service representative. You must provide the Boeing Service Center with any required supporting documentation within 31 days of the date the dependent enrollment change is requested or the coverage change request will be denied.

You may drop coverage for yourself or your dependents at any time. However, you may reenroll only if you and your dependents are continuously covered by an employer-sponsored plan and that coverage ends, as described in Deferred Enrollment on page B-5.

EFFECTIVE DATE OF RETIREE MEDICAL COVERAGE

Retired Employees

If you are a newly retired employee, the plan becomes effective on the first day of the second month following the month in which your active employment ends, provided you pay any required contributions.

If you are eligible for retiree medical coverage at the time active employment with the Company ends, or as otherwise described in Eligibility-Retired Employees, you may:

- Defer enrollment in the Retiree Medical Plan until the date your benefits begin under the Company-sponsored retirement plan, or
- Enroll in the Retiree Medical Plan and defer receipt of benefit payments under the Company-sponsored retirement plan, or
- Defer enrollment in the Retiree Medical Plan until your coverage ends under another employer-sponsored health care plan (such as through your spouse's employer), as described in the Deferred Enrollment section of Retiree Medical Plan Enrollment.

You are not eligible for the retiree medical coverage described in this Agreement after becoming eligible for Medicare or attaining age 65.

Dependents

Current eligible dependents are covered for retiree medical benefits on the same date your coverage is effective, provided proper application is made and you pay any required contributions. Eligible dependents acquired after your coverage is effective become covered on the date of marriage, date of birth, or date the child is legally placed with you for adoption, if application is made within 120 days of the event and you pay any required contributions. For other newly eligible dependents, coverage is effective on the date dependency is established, if application is made within 60 days and you pay any required contributions.

SUMMARY OF MEDICAL PLAN BENEFITS

The medical plans offered to retired employees are the same as the plans offered to active employees.

TERMINATION OF RETIREE MEDICAL COVERAGE

Retiree Coverage

Your medical coverage stops on whichever of the following dates occurs first:

- You attain 65 years of age.
- You become eligible for Medicare.
- The end of the last month that any required contributions are paid.

Your covered dependents can continue their coverage until they reach their termination date, as described below.

Dependent Coverage

Coverage for your eligible dependents terminates on whichever of the following dates occurs first:

- Your dependent no longer qualifies as an eligible dependent.
- Your dependent attains 65 years of age.
- Your dependent becomes eligible for Medicare.
- The end of the last month you are covered under this Retiree Medical Plan or the Company-sponsored Medicare Supplement Plan, except in the case of your death.
- The end of the last month that any required contributions are paid.

Continuation of Medical Coverage (COBRA)

If medical coverage for your dependents otherwise would terminate due to one of the following reasons, these benefits may continue for specified periods under Public Law 99-272, Title X, as amended, if the individual makes a timely request to the Company and pays the required contribution.

- Your death.
- Your divorce.
- You become entitled to Medicare.
- Your dependent child ceases to be a dependent as defined under this plan. (A child eligible to be continued under the plan's incapacitated child provision will still be considered to have dependent status.)

Conversion Privilege

If medical coverage terminates for reasons other than voluntary cancellation of coverage or by becoming eligible for another Company-sponsored plan, the service representative will make available an individual program of medical benefits similar to those then being issued for group conversion. The benefits provided under the individual plan will not exactly duplicate the benefits provided under this group medical plan. This conversion privilege is available to your covered dependents who cease to qualify under the group policy and to surviving covered dependents if you die. No evidence of insurability is required.

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